

GOVERNORS' CONFERENCE PROCEEDINGS

— 1925 —

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PROCEEDINGS

OF THE

SEVENTEENTH
CONFERENCE OF GOVERNORS

OF THE

STATES OF THE UNION

HELD AT

POLAND SPRINGS, MAINE

June 29—July 1st
1925

PRESS OF T. J. APPLEYARD
TALLAHASSEE, FLORIDA, U. S. A.

ORGANIZATION

Executive Committee

GOVERNOR RALPH O. BREWSTER, Chairman, Maine

GOVERNOR ALEX J. GROESBECK, Michigan

GOVERNOR M. E. TRAPP, Oklahoma

GOVERNOR WM. W. BRANDON, Alabama

GOVERNOR ADAM McMULLEN, Nebraska

Treasurer

HONORABLE JOHN G. TOWNSEND, JR.,
Selbyville, Delaware

Secretary

HONORABLE CARY A. HARDEE,
Live Oak, Florida

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GOVERNORS' CONFERENCE

ARTICLES OF ORGANIZATION

ARTICLE I.

The style of this organization shall be the "Governors' Conference."

ARTICLE II.

Active membership in the Governors' Conference shall be restricted to the Governors of the several States and territories of the United States, the term "Governors" to include Governors-Elect. Ex-Governors shall be received as honorary members and, as such, shall be entitled to all the rights and privileges of active membership except the right of voting.

ARTICLE III.

The functions of the Governors' Conference shall be to meet yearly for an exchange of views and experiences on subjects of general importance to the people of the several States, the promotion of greater uniformity in State legislation and the attainment of greater efficiency in State administration.

ARTICLE IV.

The Conference shall meet annually at a time and place selected by the members of the Executive Committee.

ARTICLE V.

The Conference shall have no permanent president.

A Governor shall be selected by the Executive Committee at the close of each half day's session to preside at the succeeding meeting.

ARTICLE VI.

There shall be no permanent rules for the government of the Conference in discussion or debate, but the procedure at any session shall be subject to the pleasure of the Governors present.

ARTICLE VII.

The proceedings of the Conference shall be fully reported and published.

ARTICLE VIII.

The affairs of the Conference shall be managed by an Executive Committee composed of five members to be chosen by the Conference at the regular annual meeting. They shall hold office until the close of the succeeding regular annual meeting and until their successors are chosen. Vacancies in the Executive Committee may be filled by the remaining members thereof.

ARTICLE IX.

A Secretary and a Treasurer shall be elected by the Conference at each annual meeting.

The Secretary shall attend all meetings of the Conference, keep a correct record thereof, safely keep an account for all documents, papers and other property of the Conference which shall come into his hands, and shall perform all other duties usually appertaining to his office or which may be required by the Executive Committee. He shall be paid an annual salary of not to exceed twenty-five hundred dollars and shall be reimbursed his actual and necessary expenses incurred while traveling on the business of the Conference.

The Secretary shall annually prepare and submit to the Conference a budget of the expenses for the ensuing year. He shall make all necessary arrangements for a program for the regular annual meeting and shall edit the stenographic reports of the proceedings at all meetings. He shall, also, so far as possible, co-operate and keep in touch with organizations, societies and other agencies designed to promote uniformity of legislation.

ARTICLE X.

The Treasurer shall have the custody of the funds of the Conference, subject to the rules of the Executive Committee. He shall deposit funds of the Conference in its name, shall annually report all receipts, disbursements and balances on hand, and shall furnish a bond with sufficient sureties conditioned for the faithful performance of his duties.

ARTICLE XI.

Persons not members of the Conference shall not be heard until the regular order of business for the day has been concluded, and then only by unanimous consent. All programs for social entertainment must be approved in advance by the Executive Committee.

ARTICLE XII.

These articles or any of them may be altered, amended, added to or repealed at any time by a majority vote of all Governors present and voting at any regular annual meeting of the Conference.

REPORT OF PROCEEDINGS
AT
SEVENTEENTH ANNUAL SESSION
OF GOVERNORS

HELD AT
POLAND SPRING HOUSE, POLAND, MAINE,
JUNE 29 AND JULY 1, 1925.

FIRST SESSION.

The meeting was called to order by Governor E. Lee Trinkle of Virginia, chairman of the Executive Committee, at two o'clock in the afternoon.

GOVERNOR TRINKLE: Ladies and Gentlemen: As Chairman of the Executive Committee of the Governors' Conference, it becomes my duty to announce that the seventeenth annual session is now open for business.

I want to assure our guests that we are delighted to have them present this afternoon, and it will be our very great pleasure to have them at all of our meetings.

Just before leaving Richmond, I received this letter which I think should be read to the Conference.

"New York, June 19, 1925.

"Honorable E. Lee Trinkle,

"Richmond, Virginia.

"My dear Governor Trinkle:

"The National Board of Trustees of the Near East Relief have asked me to send you an olive-wood gavel, made by the boy carpenters in our orphanage at Nazareth. We trust that it will be possible for you to present this gavel to the forthcoming conference of Governors, for use in their summer session and in all future sessions, if they so desire.

"There is a peculiar satisfaction for all Americans in the work which America has done for the children of the Near East —a work which this gavel typifies. The training school for boy carpenters in Nazareth, located within a stone's throw of the site where the Great Master learned the trade of carpentry, is

just one of more than a score of American orphanage schools, in which America is training the children of the Near East that dignity of labor, that democracy of toil, which has made the United States what it is today.

"In recognition of this great American principle, which America is successfully teaching to the world, we hope that the Conference will accept this gift of a gavel for use in their deliberations.

"Sincerely yours,

(Signed) "C. V. VICKERY,
"General Secretary."

I find on the gavel inscribed these words:

"Made by an orphan boy in the carpenter shop at Nazareth, and presented by the Near East Relief to the Governors in conference at Poland Spring, Maine, in appreciation of co-operation."

And I take great pleasure in presenting this gavel to the Conference, to be used in such way as may be seen fit in our further meetings.

I am very glad to say to you that it is not the duty of the chairman of the Executive Committee to make a speech in opening this session. I do hope, however, that I may be pardoned for acting the schoolmaster for just a moment. I have learned in attending three previous sessions of the Conference that it is very essential for the Governors to realize that our period for work is brief. Our program has been planned, our hours for beginning are definite and fixed, and it is absolutely essential that we insist on you gentlemen being present at the hour when our meetings are to be opened. Some of you may not be interested in the particular topic that is under discussion, but you may know something about it that some of the rest of us want to know; and, for that reason alone, we shall certainly be glad to have you all present at each and every meeting. You will notice from the program here that we have limited our stay here, the greater part of it, to work. Our good friend, the Governor of Maine, and his associates have prepared quite an extensive program of pleasure for us after the Conference is over.

I now take pleasure in presenting to you the pleasing and

attractive Governor of the State of Maine, Governor Brewster, who will deliver the address of welcome. (Applause, the Conference rising.)

GOVERNOR BREWSTER of Maine: Mr. Chairman, Members and Friends: The State of Maine most cordially welcomes you here to this most northeastern corner of our common land where you are still equally at home in this great American commonwealth that knows no lesser lines.

We cherish the heritage of our twenty-five hundred miles of rock-bound coast, our fifteen million acres of forest lands producing things which are so much needed for our newspapers today, our thousands of lakes and streams, and our fertile fields, all committed to us to serve the common cause of feeding and recreating the people of the United States. This is your home as well as ours, and so we recognize no state line in welcoming you here today.

This Conference is met on the eve of what seems likely to be profound changes in our political life. Our President, within the minute, has sounded a clarion call for a return to the Jeffersonian principles of economy and state sovereignty in the conduct of our public affairs, and this session may well mark the opening of a tendency back to what we formerly regarded as well settled principles in the conduct of our political life. For that reason this Conference may be memorable in the experiences which it offers an opportunity to interchange. Certainly, the tendencies of the last decade have been very strongly in the direction of centralization and, if I may use the term, usurpation of private functions in governmental affairs. If that tide is to be checked, as our President has pointed out, it is to be as a result of the assertion of individual rights which you as chief executives are privileged to make; and yet these political tendencies have followed simply far behind economic and social changes that have been even more profound. The stage coach has forever passed; and so I take it we are concerned here today with considering how wisely and properly we, as representatives of our great states, may draw the line that shall render unto the States the things which the State can properly do, and shall render unto the Nation the control of those profound and enor-

mous economic and industrial forces with which the Nation can alone cope.

And so the State of Maine is glad to welcome you here to this Conference, concerned with matters which touch the life and future of one hundred millions of Americans.

This Conference is also epoch-making in that it has for the first time in its midst a representative of the womanhood of the Nation (applause), who comes here as the Chief Executive of one of our great Western States; and I do not hesitate to prophesy that the associations of this Conference will demonstrate the wisdom of the step that has been taken in admitting women on an equality to that last citadel to which they have been so long denied.

And now the address of welcome can simply guarantee to you that the seven hundred thousand citizens of Maine cordially welcome you here as their honored guests, desiring that you shall have full opportunity for deliberation in the interest of the welfare of all of them, and also some opportunity to learn by observation of its agricultural, industrial and recreational resources which are devoted to the service of our common land. (Applause.)

CHAIRMAN TRINKLE: Experience has taught me that each succeeding Conference brings with it added pleasures and added joys; and, as has been suggested by the Governor of Maine, the Executive Committee has had the great delight of adding to this particular Conference an extraordinary pleasure in having Governor Nellie T. Ross of Wyoming respond to the address of welcome. (Applause, the Conference rising.)

GOVERNOR NELLIE T. ROSS OF WYOMING: Mr. Chairman and Members of this Conference: I am not sure whether I can make you hear or not. I was taught when a child that a mild voice was an excellent thing in woman; but I find it a handicap in trying to address a large audience.

Even before I thank Governor Brewster for the greeting which has fallen so pleasantly on our ears, I feel that I should also like to thank the Executive Committee for the choice of Maine as the scene of this meeting. If the first consideration was the choice of a Governor who possesses all the graces of an ideal host, you will all agree with me that the choice was well

made. (Applause.) I think, Governor Brewster, that you must feel in the very atmosphere of this meeting the warmth of response that is in our hearts to your gracious welcome. It is difficult for me to convey it in words, but we feel quite overwhelmed with your kindness and the delightful entertainment that has been arranged for us by you and your friends in Maine.

Even before I left the borders of my own State, there had been conveyed to me such assurances of the warm welcome awaiting me that I started on my long journey two-thirds the way across this continent confident that I was coming into the company of friends rather than of strangers.

Gathering here from every section of the United States, we from distant parts may seem to you, up in this corner, a little strange, particularly in our method of speech; but you know "everybody is queer except me and thee, and even thee art sometimes a little queer." So, whether we roll our r's, omit them altogether, or defy all the rules of pronunciation in sounding our r's, I am sure that at heart we are all alike susceptible to kindness, and in that way we are truly alike.

I appreciate more than I can say, Governor Brewster, your kind expressions of interest in the innovation of which I am one of the first representatives. Your generous attitude toward feminine invasion of a realm that tradition has recognized as exclusively the preserves of men is to me most gratifying. It just confirms the opinion I always have had that for chivalry there are no men in the world comparable to our American men. (Applause.) If I had any doubts as to that truth, they would have been dispelled by my experiences of the last six months.

Attendance upon this meeting is in a sense a duty laid upon us by our different States; but I can assure you there has been no duty laid upon me that is less irksome than attendance upon this Conferencee. Each section and each State has its own problems and interests, and many that are common to them all, and a discussion of them here will be of great comfort to me, and I shall go back to my State able to render it better service than if I had not come. And I must confess that the prospect of a few days' respite from pressing details at my desk appealed to me most alluringly, and when the notice came that the Con-

ference was to be held in Maine, my satisfaction was complete, and I have heard others of you express yourselves in the same way.

To one so unfamiliar with New England as I am, I regard it a great privilege to come here and to associate with the people of New England in their own historic setting. It appeals to me of particular interest that we, the representatives of all the States, should gather here upon the Atlantic seaboard where our Nation had its birth, and where every tree and every stone suggests its glorious Colonial history. I think it must necessarily stimulate our appreciation of our country and our patriotism to be here. From this coast and from the colonies as far south as Georgia came the hardy pioneers who went out into our western wilderness and converted it into new States, which in their splendid development constitute a monument worthy of our Colonial forefathers who, here, first in the modern world, established the ideal of free government.

It was the blending of the spirit of the Puritan and the Cavalier that determined the principles upon which this Government was founded—the Puritan, rigid in his piety, cool and wise in judgment, and emotionally restrained; the Cavalier, pleasure-loving, temperamental and brilliant. Utterly unlike they were, yet both essential and both alike devoted to duty and to country. I come from Southern parentage and adhere to the traditions of the South, yet I take great pleasure in today paying tribute to the qualities of the people of New England which have permeated our entire Nation and which have been an important factor in making it great. It is not surprising, with such endowment of natural resources, of character and of intelligence, as we have received from our forefathers, that our Nation has become the greatest in all the world.

The State from which I come, cradled in the mighty Rockies, presents quite a different appearance from this beautiful coast, with its serene and soothing beauty of rolling ocean, verdure-clad hills and lovely woodlands, which have an effect of quiet quite different from my rugged country in my own State of Wyoming, though there Nature has been very lavish in her endowment. I wish you might all come out there. In its large

area it embraces broad prairies, noble forests and mountains that are among the most majestic in the world. Beautiful Yellowstone Park also lies within our borders, a veritable fairy land for beauty and interesting beyond description in marvelous phenomena.

I can only say that it would give me great pleasure, Governor Brewster, if you and the other members of this Conference could hold some future meeting of this Conference in Wyoming. It is a thought that is to me most intriguing, and I hope that it will appeal to you; and, if you do come, I hope it will be my privilege to contribute in every way possible to your pleasure and comfort during your stay with us. (Prolonged applause.)

CHAIRMAN TRINKLE: For fear I may forget making this announcement, I will do so now. It is the custom of the Conference to select different Governors to preside over our meetings, and the Executive Committee has chosen as the presiding officer for this evening Governor M. E. Trapp of the far-away State of Oklahoma.

We are now going to take up for discussion a subject which is of vital interest to all of us, both individually, as States, and as a Nation. We have a man in Washington who is strong of body and strong of mind, who stands there between the contending forces. On the one side we have the people, who have cultivated extravagant and luxurious habits. On the other side we have a government that means to save and economize so far as it consistently can do so and meet the just requirements of government. We are very fortunate this afternoon in having with us the Director of the National Budget, General Lord, who will now address us on the National Budget. (Applause.)

GENERAL LORD: Mr. President, Members of the Governors' Conference, Ladies and Gentlemen: On June 10, 1921, President Harding approved the Budget and Accounting Act which gave this country a budget system and furnished the President of the United States an agency styled the Bureau of the Budget, with a Director at its head, which he might use to impose his control over the preparation of estimates, and install and carry out such policy of retrenchment and economy as he thought wise and necessary.

The Budget and Accounting Act, which created the Bureau of the Budget, was not the product of any group or party. It was the joint production of the leading men of the two dominant parties in Congress working together for the welfare of this Nation in its hour of need. The Bureau of the Budget is an impartial, impersonal, non-political agency, and any attempt to construe its activities as other than impartial, impersonal and non-political will seriously interfere with its legitimate and important activities. If it is ever prostituted to political purposes, it should be abolished. An honest budget is the most dependable watchdog of the Treasury. As someone has well defined it, the budget is the expression of honesty and efficiency in government administration.

For more than 130 years, during which we expended more than seventy billion dollars, the business affairs, the financial affairs of this great corporation that does business under the firm name of the United States of America were handled in the most casual, careless manner imaginable. The people in the Federal service took from you, the tax payers, not what we thought we needed to spend, but what we thought we wanted to spend. The idea of leveling the two, the necessity of balancing the account so that expenses should not run away from receipts, apparently was hardly given serious thought.

That was the way we formerly conducted the biggest business in the world. Any other business would have been in bankruptcy courts years ago. But the government of the United States was singularly blessed with riches; our resources were the greatest in the world, and our tax rates among the lowest. A few points increase in taxes here and there, mostly in indirect taxes at that, were little noticed when we possessed such an overflowing bounty with which to replenish the Treasury as fast as it was drained, and when our tax demands were so small as they were fifteen, ten, or even eight years ago.

Then came the war—and you know what happened to taxes. Within the span of fewer years than you have fingers on one hand our feather-weight tax burden became heavy as lead. A few points' increase here and there, unnoticed before, became insufferably burdensome. For the first time in our national

life—certainly for the first time in two generations—we faced the stern necessity of doing something quick to shrink governmental costs.

Today, under the terms of the Budget Law, we are applying business principles to the Nation's business, and we are reducing the cost of government. The entire program of raising money for the Treasury and spending it is based on the sane and simple realization that we can't spend what we haven't got and keep out of debt. In the interest of the taxpayer we must raise the smallest amount that will suffice for the absolutely necessary expenses of this great corporation; and in the interests of economy we must not only spend no more than that sum, but must follow through on the spending operation to see that it is spent wisely, well and under a scientific system of distribution. Today the fixed financial policy of the Federal government is the policy of the balanced budget—expenditures well within receipts; and the Director of the Bureau of the Budget, as the President's executive agency, is charged by him with the duty of cutting down Federal expenditures, so that we may reduce taxation, reduce the public debt and at the same time balance the budget.

Almost with the birth of the budget, President Harding expressed the hope that during his administration Federal expenditures, exclusive of what would be applied to the reduction of the national debt, might be brought down to within three billions of dollars. President Coolidge re-established and reaffirmed that objective, and for the past three years the Director of the Bureau of the Budget has been striving desperately to achieve that three billion dollar objective.

As a result of this busy campaign of retrenchment in which we have engaged, we can point with justifiable pride to progressive and impressive reductions in the ordinary expenditures of the government through the budget years. In 1921, the last year free from budget control, we were very lavish with the people's money. In that year we spent \$5,115,927,689.30; in 1924, the third budget year, we spent \$3,048,677,965.34, which was within \$48,000.000 of our \$3,000,000,000 objective. This was two billions of dollars less than we spent in 1921, a reduc-

tion in exact figures of \$2,067,249,723.96. Under the method of recording repayments which prevailed in 1921, the last pre-budget year, with what we spent in 1924, the last completed budget year, we are not overlooking extraordinary war obligations included in that 1921 program that we were not called on to face in the following years. At the same time we are not unmindful of other unusual demands growing directly out of the World War, encountered in the budget years, that we were not called upon to meet in 1921. When all is said and done, analyze it as you may, after all the pros and cons have been marshaled, when the last pro has been pronounced and the last con has been concluded, that extraordinary reduction of \$2,191,232,994.94 will stand in the record for all time as an example of courageous retrenchment unequaled in the history of governments.

Yet our critics say—and fortunately we have critics—that no real savings have been effected through the budget system. As long as expenditures are brought down and held down, as long as taxes fall and the national debt melts away, we don't care and the people don't care what the critics say.

Estimates of expenditure for the current year, ending with tomorrow, made in November last, again exclusive of the postal service and reduction of the debt, totaled \$3,062,277,407—\$62,000,000 too much. January last, the attention of people in the Federal service was called to the need of eliminating the \$62,000,000 excess over our \$3,000,000,000 objective. At the same time announcement was made at that time of the formation of a Two Per Cent. Club to effect that result. All Federal personnel, all Federal agencies who would guarantee a two per cent. reduction in their operating program would be entitled to membership, and were urged to join. The response was immediate and gratifying. Big government agencies and little government agencies, officials with great responsibilities, employees filling more modest niches in the Federal service, guaranteed the two per cent reduction and made application for membership in this new thrift club. The first charter member was the Camden, South Carolina, postoffice. The Camden postmaster learned of the formation of the club over the radio, as broadcast from our

meeting in Washington. The next morning he called his force together and asked their attitude toward this new organization. They voted unanimously to guarantee the necessary reduction in their operating expenses, and applied for membership in the club.

One of the first to respond was the Navy Department, which gladdened the heart of the Director of the Bureau of the Budget with promise of a reduction of \$6,600,000 in its operating program for the year.

One bureau chief in the Department of Agriculture (Chief of the Bureau of Animal Industry) asked each division leader to sign a card indicating a willingness to make this reduction of two per cent. The card, which is for probationary membership in the Two Per Cent. Club, reads:

"You may attain full membership when the results of your efforts show at the end of the year that your division has been successful in making the saving requested by the President."

One hundred per cent. enrollment was the loyal answer.

I would almost choose to lose a fight with willing fighters like these than win the contest with the aid of an unwilling force fighting under protest. It seems to me that the development and disclosure of this fine *esprit* in the Federal service as a result of this campaign is worth more to the nation than the \$62,000,-000 we have been trying to save.

The great majority of Federal agencies attacked the problem with this same fighting spirit, and that \$62,000,000 shriveled and shrank and melted away almost to the vanishing point. March 1 it had been reduced by \$50,000,00. The Director of the Bureau of the Budget was on the point of preparing a funeral oration to preach over that remaining \$12,000,000 when something happened. Don't laugh! There's tragedy there. Do you remember the story of Tantalus? He was punished in the lower world by being placed in water up to his chin with fruit-laden branches overhead. The water or fruit receded whenever he wanted to drink or eat. The Director of the Bureau of the Budget had a great wave of sympathy and fellow feeling for Tantalus. For three years he had labored, and desperately, to achieve, with your indispensable help, that \$3,000,000,000 ob-

jective. March last, it was apparently within reach. He could almost sip the water of success and taste the fruit of achievement. Then came the Postal Service Act with its addition of approximately \$26,000,000 to the amount to be taken from the Federal Treasury. The Treasury Department, reluctantly, I know, but fatally none the less, increased its estimate for tax refunds by \$30,000,000, and added for full measure \$5,000,000 to its estimate for interest. Other unknown, unexpected and untoward factors swelled the calamity, the water and the fruit receded, and disheartening defeat crowded on the heels of anticipated achievement. These additions to the expense account increased our \$62,000,000 to \$150,000,000. Deducting the \$50,000,000 accomplished saving, we were left a balance of \$100,000,000 to overcome in order to reach our objective. The story would have ended here in grief, gloom and disappointment had it not been for our faith in the Federal service, and our confidence in its ability and its readiness to serve and sacrifice. The campaign was pushed with additional vigor and determination. Appeal was made to the people in the service to rally to the colors. They rallied. We will end the year tomorrow with an expenditure not in excess, I hope, of \$3,035,000,000, exclusive of that portion of postal expenses paid from postal receipts, and exclusive also of debt reduction. This is within \$35,000,000 of our objective, and \$13,000,000 nearer that objective than our last year's record. After nearly twelve months of strenuous effort to reach that exasperating objective, we find we will end the year, as far as this \$3,000,000,000 objective is concerned, at just about the point from which we started. Students of real classics will recall that part of "Alice's Adventures in Wonderland" where the queen took Alice on a most remarkable run. They ran so fast they seemed to fly through the air, hardly touching the ground, which melted away beneath their rapidly flying feet. Mile after mile, league after league, they raced on and on, and when they stopped, Alice found herself at the very point from which she started. The queen explained that in Wonderland it took all the running one could do to remain in the same place. If you wanted to get somewhere, you must run at least twice as fast. We seem to have been operating in Wonderland. I am satisfied

that in our race to reach that \$3,000,000,000 goal, we couldn't have run much faster. We are fortunate that we not only held our ground but that we did get some place, thanks to that extraordinary reduction of \$115,000,000 in our operating program for the current year. We went out after \$62,000,000; we brought home \$115,000,000. Had the faithful people in the service not diligently and intelligently responded to the President's call for help, we would have ended the year with an expenditure of approximately \$3,150,000,000, instead of that \$3,035,000,000, which spells victory wrested from defeat.

As a result of this effort to hold down expenditures, we are counting on ending the year with a surplus of not less than \$200,000,000, and my latest word from Washington warrants me in saying that this may be increased to \$245,000,000. If the various Federal agencies had supinely permitted expenditures to run unchecked, if they had lavishly spent up to the limit of their available funds, we might have closed the year with a disgraceful deficit rather than a triumphant surplus.

Whetted to keen endeavor by our achievements during the year just passing into history, we eagerly and confidently challenge the year to come. The President has indicated that our expenditure next year, including debt reduction and excluding postal expenses, should not exceed \$3,375,000,000. Deducting from this total the amount carried for retirement of the debt, we have \$2,890,000,000, which is comparable with the familiar \$3,000,000,000 that for three years has tempted, tried and tantalized us. If we hold that expenditure next year within the maximum fixed by the President—and who will say we cannot and who dares say we will not—a surplus will be created of not less than \$290,000,000, which with this year's expected surplus of \$250,000,000 will warrant the President in recommending to Congress further relief for an overtaxed people.

Just a word about the national debt! We reached the Mount Everest of our national debt August 31, 1919. It then towered to the extraordinary height, which I hope it may never again reach, of \$26,594,267,878.45. When the Treasury closes its books for this fiscal year tomorrow, I prophesy that that debt will have been reduced to \$20,550,000,000, a reduction in the four budget

years of \$3,427,000,000, and that, too, in the face of two acts of Congress materially reducing rates of taxation and materially curtailing revenue. In the face of falling revenue, we have reduced the national debt by nearly three and one-half billions of dollars. That could only be accomplished by a reduction in expenditure all along the line.

Invariably, as we near the beginning of a new expenditure year, we face something of a protest against further attempt at reduction in national costs. Today, after four years of relentless paring down of expenses, this protest is more pronounced than ever. There seems to be a general feeling that further reduction is impossible. It may be that certain activities have reached the lowest level of expenditure consonant with efficient operation. It may be that certain important activities will need increases in funds. But there's no "may be" in the President's intention to still further reduce the cost of government and at the same time increase governmental efficiency. These two are not incompatible. Constructive economy means just that—nothing more, nothing less.

An excellent illustration of constructive economy where reduction in appropriations resulted in increased efficiency is found in the experience of the Quartermaster General's Office, War Department. This important office had 19 separate record systems, employing 120 clerks. Curtailment of funds made consolidation necessary. That office today is justifiably proud of its one improved, efficient, central record system, operated with 42 clerks. Expert inspection made from my office shows that this new record system, directly resulting from curtailment of funds, to be one of the best, if not the best, in the government. Another great and progressive agency, the Veterans' Bureau, is using it as a model. Curtailment of appropriations gave two important Federal agencies improved record systems.

As a result of this economy campaign in which we have been, still are, and will continue to be engaged, we can point to the Federal Government as an example of courageous retrenchment. While public expenditures, taxes and indebtedness of the small divisions of government in this country have been mounting higher and higher in a most dangerous and alarming degree, the

Federal government, by reducing its expenditures and reducing its taxes and reducing its national debt, has set an example that can well be followed with profit by these other governmental agencies in this country. In 1921, the last pre-budget year, Federal expenditures constituted 60 per cent. of the cost of government in this country, while the lesser divisions of government were responsible for the remaining 40 per cent. Today the Federal government, by cutting down its expenditures and introducing more up to date methods of doing business and urging and practicing economy, is making an assessment of less than one-third upon the public purse, while a little more than two-thirds is chargeable to the other governing agencies—states and cities—in this country. We are not making these comparisons in any vainglorious spirit. Like the rooster who found the big egg, our only intent is to be helpful. This rooster in his wanderings discovered an ostrich egg. He had visions of glorious omelets, generous fries and unlimited scrambles. With infinite labor he rolled his find back to his home pen. Calling his faithful flock together and pointing to the big egg, he said: "This is not intended as any reflection upon you. It is merely to show you what can be done." In calling your attention to what the Federal government has done along these lines of retrenchment, no reflection is intended upon the other governing agencies of this country or any other country. It is merely to show what united effort in a common patriotic purpose can accomplish under the leadership of a courageous Chief Executive.

What the Federal government has done along lines of retrenchment, the States, counties and municipalities can do and should do. This country urgently needs at this time a nationwide, non-political organization to carry on such a campaign. I can conceive no more important contribution to the cause of national stability, prosperity and happiness than a well-directed effort along this line of retrenchment. Real economy means sacrifice. It also means real efficiency. Real efficiency is impossible without real economy; but we are getting real economy in the Federal service today. Saving, in most cases, is willing, spontaneous. In some cases, however, it is reluctant and grudging; and there is nothing more difficult than to convince people

that economy is necessary, possible and desirable when they are not willing to be convinced. Take the case of the man who was heavily in debt and was advised by a friend to economize in his way of living. The advice created little enthusiasm, as such recommendations seldom do. The only reaction was a perfunctory query as to what methods of economy could be followed. Attention was called to three dogs on the place. Said the friend, "Why not do away with these dogs that are eating their heads off? Take that dog over there. Why not get rid of him?" "It can't be done," was the reply. "He's my hunting dog. I sure need him." Baffled, the friend pointed to a big lazy-looking dog sleeping in the shade of the house. "Why not dispose of that worthless animal? He probably eats as much as a man." "What, let that dog go?" was the horrified reply. "Why, that's my watchdog. I can't get along without a watchdog." There was one other dog, a little wizened animal, busily engaged chasing its tail. "You certainly can get along without that useless pup, can't you?" "Positively not," was the answer. "I most certainly need him." "Why do you need him?" asked the friend. "He isn't a hunting dog and he isn't a watchdog. What use is he?" The answer was, "He wakes the watchdog." (Laughter.)

We have in the Federal service, my hearers, officials like the owner of the dogs. We have activities in the government that compare with the dogs themselves; and I notice in my work that those who are really desirous of effecting economies always find a way, and those not interested in retrenchment have no difficulty in finding excuses for failure to save, although the reasons advanced may be no more convincing than the objections to the disposal of the worthless dogs. But glory be! The spirit of constructive economy is marching on in the Federal service in spite of the cries of "parsimony" and "false economy" which greet announcements of savings here and there of the taxpayers' money.

A messenger in the Navy store room, in Washington, imbued with the spirit of real economy, saves several hundred dollars of the people's money by employing his spare moments collecting from waste baskets and other sources, pins, paper clips, and

pieces of pencils and other property that would otherwise be thrown away; and this commendable spirit of conservation is by no means confined to the Navy, but is rife in other departments and establishments of the government.

An American consul in Java, in the shadow of the equator, thousands of miles from Washington, loyally responding to the call for thrift in public service, rearranges his office lighting and saves \$45.21 annually. The American consular official in Curacao, West Indies, thinking of the taxpayer and his troubles, cuts out one of his office lights and saves the government \$14 a year. These bright and shining examples of thrift are not trivial, illuminating as they are of this new and strange passion for saving government money.

The Director of the Veterans' Bureau, among other economies, some of them yielding savings of millions of dollars, took in hand the matter of long distance telephoning. In 1922, long-distance garrulity cost the Veterans' Bureau and the long-suffering taxpayer \$2,946.48. Last year—1924—it cost \$184.65, a reduction in expense of nearly 94 per cent., a great saving in conversation and a real gain in efficiency.

How many in this gathering have noted the blue stripe in mail bags? How many of you, who noted this stripe, have asked what particular purpose it served? It has figured in mail sacks for many years. No good reason could be given for its use. It added one cent a yard to the cost of the canvas and reduced the value of canvas scrap sold. When his attention was directed to the stripe and its cost, the Postmaster General promptly eliminated it from postoffice specifications, effecting an annual saving to the government of nearly \$49,000. This incident illustrates the difficulty of detecting the obvious. Customs and procedures of long standing under our immediate and constant observation most frequently escape corrective attention. Blue stripes and red tape no longer have legitimate place in government operations. One of the departments recently discontinued the use of red tape for tying maps and packages. May this be significant of the elimination from the Federal service of all that red tape typifies.

And the blue stripe in the canvas called attention to the red

stripe so common in government towels. Investigation shows that the red stripe constitutes 25 per cent. of the cost of the towel, and we are on the trail of that expensive red streak.

The General Supply Committee fell heir to seven barrels of spoiled, soured seal shoulders shipped from Alaska. They were unfit for consumption. The obvious course, and the course that would have been followed a few years ago, would be to throw them away. We have today, however, in the Federal service, frugal-minded people who have a heart for the taxpayer. One of these conservators found a market for the seal shoulders. They were sold for crab bait, yielding the government \$20, and spoiled, soured seal shoulders, shipped from Alaska, took their place in the economy procession along with electric lights from Java and the West Indies, and pencils, paper clips and other property from here, there and everywhere, too numerous to enumerate, too small to mention, but not to small to save.

I could continue indefinitely quoting examples of economy by government employees who are learning that everything that has value, no matter how small, be it money, time or property, must be conserved. I have purposely devoted considerable time to the discussion of little things—small savings. Economy in small matters is fundamental. If we can get the entire Federal personnel committed as a matter of habit and principle to the scrupulous use and care of little things, we can safely dismiss larger considerations from thought. Watchful care over greater interests follows the economical administration of minor matters as inevitably as day follows night.

Our effort, however, is not confined to small savings. The Adjutant-General of the Army needed a great deal of office equipment to carry out the provisions of the World War Adjusted Compensation Act. In order to save public funds, he combed Federal offices in Washington and neighboring cities for desks, tables, chairs, typewriters and other office supplies, all in the way of conservation and saving the taxpayers' money. He called upon other departments and bureaus of the government for help. In a loyal spirit of co-operation they responded, and assisted in effecting one of the finest examples of co-ordination of record. A saving of \$289,000 was effected.

At each Christmas season, under budget direction, the Post-office Department has the use of trucks controlled by other government agencies. In the last four years this has saved \$282,859.03 of the taxpayers' money.

We are co-ordinating the government's telegraph and cable business. By loading to saturation the government's leased telegraph lines, and by making more general use of the Army and Navy wireless, hundreds of thousands of dollars are being saved. During the calendar year ending December 31, last, 9,827,564 words were taken off commercial lines, and transmitted by Navy wireless for other executive departments. This reduced government requirements for funds by approximately \$1,500,000 for that year. And the end is not yet.

During the fiscal year 1916, the last pre-war year, the government's printing bill amounted to \$6,201,864.42. For 1918 this amount had been increased to \$12,205,478.86; for 1919 it was \$12,774,712.34; for 1920, \$12,589,571.79; for 1921, \$12,876,-362.86—indicating that without control the amount for succeeding years would not be reduced. With the advent of the budget it was reduced. Through small savings, some of them almost infinitesimal, the annual cost has been materially cut under executive pressure. In 1922 it was \$2,716,926.44 less than in 1921; in 1923 it was \$3,142,174.24 less than in 1921; in 1924 it was \$3,596,441.49 less than in 1921, a total reduction in three years of \$9,455,542.17. A typical example of how these savings were effected is furnished by the Navy Department, which issued 17,500 copies of the Navy Register in 1920, while the issue this current year is limited to 5,000 copies.

Some of us in the service have opportunity to save thousands of dollars and perhaps millions, while others have opportunity only for modest savings. The obligation, however, is just the same; the recognition should be the same. He who saves a government lead pencil from a sense of duty and in the interest of the taxpayer is performing as honorable service as he who saves his millions of dollars. Recognition of this is proving of great value by creating in the government service an abhorrence of waste and a lively sentiment for constructive economy, as evidenced by the widely diversified examples of savings, ranging

from a few dollars to millions, to which I have called your attention here today.

If earnest intent to conduct Federal operations economically, if honest effort to conserve the taxpayers' money, if determination to reduce government costs and at the same time increase governmental efficiency be parsimony and false economy, then let parsimony be enthroned and false economy glorified.

There are hundreds of active, live organizations in this country created and operated for the purpose of getting money out of the Federal treasury. There is but one organization, the Bureau of the Budget, created and operated for the purpose of protecting the Federal Treasury. Every measure that proposes a Federal appropriation commands powerful support. The Director of the Bureau of the Budget, in his defense of the Treasury, has to contend with organized and able opposition. He is almost overwhelmed at times with telegrams and letters from the people whose pocketbooks he is trying to protect—letters and telegrams demanding favorable consideration for projects and purposes that he, with his complete view of the entire field, knows should not be approved.

The Director of the Bureau of the Budget has no illusions as to his abilities or his limitations. The position he occupies is not a place of peace or perfect rest. It is a position of great responsibility, and one that makes extraordinary demand upon his mentality, physique and staying power. He plays no favorites. He so conducts his office that he can look any man in the eye, in the service or out of it, and say "No!" He was never a candidate for the office. He was drafted for it. He is not so infatuated with it that he will not willingly yield to anyone who can operate it better. He is independent. He must be. He knows no master in the Federal service but the President of the United States, whose policies he honestly and earnestly tries to carry out. He has no policies of his own. At times, disheartened by failure of honest effort at retrenchment, discouraged at apparent lack of progress, chagrined by his own mistakes, hurt by the estrangement of friends, restive under unwarranted and unjustified criticism, he feels like laying down the burden. Then he recalls the words of President Coolidge, "I favor the policy

of economy, not because I wish to save money, but because I wish to save people." (Applause.) And appreciating as few people can appreciate the crushing burden the President carries, feeling perhaps he may help lighten that burden, that he may perhaps help save people, and feeling back of him the strong, unwavering, considerate support of the President of the United States, he makes a new commitment of himself to service, and carries on.

Mr. President, members of the Conference, ladies and gentleman, I heartily thank you for your courteous attention. (Applause.)

CHAIRMAN TRINKLE: General Lord, I can assure you that the Conference desires to express our sincere appreciation of your presence here, and I want to say that the great State of Maine—and I am sure Governor Brewster will agree with me in this—is to be congratulated on the fact that General Lord was born in this State and is now a resident of it; and I am quite sure I speak the thought of all the Governors present when I felicitate the Federal government on having the services of such a man. I trust that we, as governors of the various States of the Union, may catch a vision like he has and accept the spirit of courage and determination to advance as far as is expedient the thoughts suggested to us this afternoon by him with reference to scientific economy.

I now take very great pleasure in introducing to you one of America's really distinguished men. Anything I might say in the way of introduction of this man would be a waste of words and would fail to express the affection and devotion that the people of America have for him. I take great pleasure in presenting to you the distinguished Governor of the State of New York, the Honorable "Al" Smith. (Prolonged applause, the audience rising.)

GOVERNOR SMITH: Mr. Chairman, Brother Governors, Sister Governor, Ladies and Gentlemen: I would give a great deal to have the memory for figures that General Lord has. Because I have not such a memory, I have the figures reduced to writing. I was going to trust to my memory, but after hearing the Director of the Federal Budget reel off figures, even down to "34

cents," I concluded I had better place my reliance on figures that I have had written down and have here before me.

I would be the last man in the world to say a single word to discourage the General. I believe he is working honestly and faithfully and courageously to bring about economy in the expenditures of the Federal government; but Federal officials, including members of Congress and the President himself, I am afraid, have talked a little bit too much about the comparison between the States and the Federal government. It should not be a very hard thing to pull the Federal government down from a war basis to a peace basis so far as the expenditure of money is concerned, because everybody in the United States knows that nothing produces the economic waste that war does, and everybody must also have in mind that while the Federal government was fighting the war, the States lay back and called a halt on all kinds of public improvements in pursuance to a call from the President. Now you have not the remotest idea what that meant in the State of New York. We halted in the midst of a hospital program; we stopped in the midst of a great road construction program. We passed what was known as the Enabling Act to permit the legislature to relieve the contractor who had taken these contracts during the war period commitments when we were obliged to suspend construction. Now if the States halted in their program and saved when it was necessary for the Federal government to spend, the Federal government is not in a position, when she is placed where she can save from the abnormal war costs of government, to criticize the States because they are now taking up the slack that was left behind at the time when they obeyed the injunction of the President of the United States to thus call a halt.

In the State of New York, in twelve months the population of the State hospitals for the insane has increased by 1,200 people. That means that in one year the State of New York faces the need of additional hospital accommodations at an ultimate cost of over \$12,000,000.

I read an article a short time ago in a paper called "The Independent," in which the writer said that he had just made a trip across the country, had been in practically every State in

the Union, and he found that sinking deep into the minds of the people was this theory, that the Federal government is exercising a wonderful economy, while the States are extravagantly throwing their money right and left. Let's see what is in the mind of the average man on the street on that subject. He believes, first, that the economy which is being practiced in Washington has no relationship to war costs, but is the result of a determined effort to reduce the costs of government. He believes, secondly, that the States and local governments are extravagantly increasing their taxes and expenditures, and the third thing he has been led to believe is that the real burden of taxation today is for State and local purposes; that is, that it is confined to the States and municipalities, and that but a small portion is required by the Federal government.

Now I hold that there can be no comparative figures as between the States and the Federal government on this question of the reduction of expenditures unless we travel back to 1914. Let us take first the matter of taxes. For the year 1914, the Federal government collected taxes and customs aggregating in round figures \$672,000,000, and in 1924, \$3,339,000,000, an increase of 398 per cent.—nearly five times as much as it collected in 1914. It is true that the sum collected in 1924 was in round figures \$2,382,000,000 less than was collected in 1920, the high peak of Federal taxes; but in 1920 direct war costs were still being paid from revenue receipts, as the President himself recently pointed out in his budget speech before some Federal officials. For purposes of comparison, because of the size of the budget and the numerous activities, undoubtedly the State of New York is more comparable than any other State in the Union.

Let us turn, therefore, to taxes collected by the State of New York. There we find an increase from \$43,700,000 in 1914 to \$127,100,000 in 1924, or an increase of 190 per cent. If we exclude from the taxes collected by the State the amounts given to school districts for the support of common schools and to towns for the maintenance of town highways, we find that State taxes increased in New York from \$34,900,000 in 1914 to \$83,600,000 in 1924, or 140 per cent.

For the same period, taxes for all local governments in New York increased from \$239,900,000 to \$503,400,000, or 110 per cent. Combining New York State and local taxes for this period, we find they increased from \$283,600,000 to \$630,500,000, or 122 per cent.

We find then in respect of taxes (including custom revenues) that for each dollar the Federal government collected in the year ended 1914, it exacted \$4.98 in 1924, while the State of New York collected \$2.90, if school and highway gifts to localities are included, or \$2.40 if they are excluded, and that for combined State and local expenditures, the taxes of New York State and its municipalities amounted in the year 1924 to \$2.22 for each dollar exacted in 1914, whereas the Federal government was collecting \$4.98. This establishes—at least for the State of New York—that Federal taxes have increased more than twice as much since 1914 than have either State or local taxes, whether you consider them separately or combined.

Let's have it now from another angle, that of appropriations. For the fiscal year ending June 30, 1914, Congress appropriated \$1,098,000,000, and for the fiscal year ending June 30, 1925, \$3,748,000,000, an increase of 241 per cent. For the same period in the State of New York appropriations increased from \$57,900,000 to \$158,100,000, or 174 per cent. This does not indicate that State appropriations have grown more rapidly than Federal appropriations. It simply proves that while Federal appropriations traveled from \$1,098,000,000 in 1914 to \$27,065,000,000 in 1919 and then receded to \$3,748,000,000 in 1925, or an increase for the period of 241 per cent., appropriations for New York State gradually increased 174 per cent. in the same period.

Because of the debt service and appropriations made necessary by the war federally, and because within this period the State of New York greatly increased its donations in support of all common schools, the foregoing does not tell the truth about the current expenses of either the Federal or the State government. Eliminating from Federal appropriations for (a) debt service, (b) Treasury refunds, (c) the alien property custodian, other expenses of the Federal government grew from \$1,015,-

000,000 for 1914 to \$1,908,000,000 for 1925, an increase of 88 per cent. And eliminating from the State budget appropriations for (a) debt service and (b) gifts to public schools and for town roads, it is found the other appropriations for the State government increased from \$37,900,000 for 1914 to \$78,200,000 for 1925, or 106 per cent.

Comparing Federal appropriations for the year ending 1921 —the fiscal year in which President Wilson retired from office—with the appropriations for the year ending 1925—the fourth year of the Republican administration—we find that appropriations were reduced from \$4,780,000,000 to \$3,748,000,000. Eliminating from this the items mentioned above as being purely incidental to and occasioned by the war, we find that Federal appropriations for ordinary expenses of the government were reduced from \$2,252,000,000 for 1921 to \$1,908,000,000, a decrease of \$344,000,000.

If there were not mingled in every branch of the Federal service increased expenses due to the war, this figure would indicate and measure the economy of the present Federal administration. As it is, it merely establishes a maximum figure from which should be deducted, if they could be identified, the war expenses hidden away in the expenses of the old and established departments of the Federal government.

That Federal appropriations do not indicate any pronounced decrease in appropriations for the major departments of the Federal government, and therefore fail to establish any great economy on the part of Federal administration, other than that due to the fact that we are no longer at war, is shown by the following: (1) For the fiscal year ending 1914, \$210,000 was appropriated for the Executive Department (President and Vice President). For the last year of the Wilson administration, \$222,000 was appropriated, and for the year ending 1925, \$426,000. In other words, appropriations for the Executive Department have more than doubled since 1914, and have increased \$204,000 during the four years that a Republican President has been in the White House.

In this connection, it is interesting to observe that, inten-

tionally, or otherwise, the Treasury report for 1924, page 385, erroneously places the President's and the Vice President's salaries in another department rather than in the Executive, as had been the custom, and as is proper, thereby showing an untrue reduction in appropriations for the executive branch of the government.

(2) The District of Columbia is supported by the Federal government and is more nearly on a comparable basis with States and local governments than any other branch of the Federal service. Here we find that the appropriations grew from \$12,353,000 for 1914 to \$20,749,000 for the last year of the Wilson administration and to \$27,967,000 for the year ending 1925. Here is an increase of 126 per cent. over 1914, and this compares with the increase of 106 per cent. in appropriations for the support of the government of the State of New York exclusive of debt service and aid for schools and highways.

(3) The following departments for which the President is directly responsible show the indicated appropriations for the years ending 1914, 1921 (the last Wilson year) and 1925:

	1914	1921	1925
Commerce	\$10,330,000	\$23,912,000	\$24,123,000
Justice	11,006,000	16,176,000	24,227,000
Labor	3,371,000	6,099,000	8,364,000
State	4,622,000	11,098,000	15,246,000

(4) The Interior Department shows an increase of \$52,000,000 over 1914, and a decrease over 1921 of \$46,000,000. This decrease is due to no economy but to the fact that war veterans died and it was no longer necessary to pay their pensions. The other branches of the Interior Department cost materially more than they did in 1921.

(5) Likewise, army and navy expenditures, while they show reduced appropriations over 1921, are at least 75 per cent. higher than they were in 1914. Of course in 1921 neither the army nor the navy had been reduced to a peace basis. They were just on a descending scale, and

(6) The Postoffice Department had appropriations in 1914 of \$288,000,000; in 1921, \$540,000,000, and for the current year, \$629,000,000.

These specific illustrations are made to point out that in claiming credit for tax reductions and in expenditures and in the cost of government, Federal officials are taking advantage of the fact that the country is no longer in a war period. To claim credit for that is just like claiming credit for good weather or good crops or any other happening over which one has no control.

As the current fiscal years of both the Federal and the State governments do not end until June 30, 1925, we are limited in our consideration of the matter of expenditures to the year ending June 30, 1924. The financial statements of both jurisdictions, as set forth in the reports of the Treasury and the Comptroller of the State, require so much analysis that totals cannot be relied upon. This is so because appropriations for a given year are frequently not expended within the year, and then transfers and adjustments between funds occur so frequently and in such large amounts that totals are not significant.

President Coolidge, in his speech before the business organization of the government on June 22, 1925, claimed a reduction in Federal expenditures "exclusive of the moneys applied to the reduction of the public debt and the operations of the postal service," amounting to \$2,081,000,000. He then added: "The history of public affairs will hardly show a parallel case of retrenchment in the cost of government."

The implication is, of course, that by the practice of rigid economy Federal expenditures have been reduced by this amount, when the fact is that the expenditures have been reduced because the war is at an end and it is no longer necessary to maintain the different departments of the government on a war basis.

The following items are the principal ones showing decreases in 1924 from 1921:

Railroad control, abandoned entirely by the government, automatically effecting a saving of	\$739,019,000
U. S. Shipping Board (decrease)	35,144,000
European Food Relief (abandoned)	1,659,000
Navy (reduced to peace basis)	647,756,000

Army (reduced to peace basis)	458,636,000
Alien Property Custodian (whose duties were materially reduced)	376,000
<hr/>	
Total	\$1,882,590,000
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Subtracting from the President's claimed re- duction	\$2,081,000,000
These known items all incident to the war	1,882,590,000
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We have a maximum of \$ 198,410,000 representing other war expense items not readily identifiable, further decreases in these items during the current year and reductions in war items of old departments of government not disclosed by any financial reports.

If such retrenchment is without parallel, as the President claims, it is because no war ever cost so much and made possible such decreases in the cost of government in changing from a wartime to a peace basis.

In the main, the Federal administration is entitled to credit, if that be deserved, for not maintaining a war organization and continuing war activities in peace times—nothing more.

So much for that! Now let's look at the State of New York. I would be the last man in the world to make the statement that it is not possible to reduce the cost of government or, at least, to keep it down—keep it from mounting at the same pace that it has in the past. What is the trouble in New York State? The first trouble in New York State is the old-fashioned form of government the state has. In Washington you can rightly adjust these different departments, boards and bureaus. Congress can enact legislation from time to time replacing them; but it seems to be impossible to do that in the states, particularly in New York State. We are operating today with the machinery of government that was set up seventy-five years ago, when the total expenses of government of the whole state were only a little bit more than a million of dollars, when the whole construction program for the year was \$117,000. Every business gathering, every board of directors and every association of business men, when they sit down to talk things over once in

a while from the viewpoint of finances, are obliged to take into consideration the operation of the business itself. How is the business operated in New York State? We have about 156 different and independent boards, offices, bureaus and commissions, every one of them constituting a separate spending agency of the public money. Some of them cannot be interfered with by the legislature because they are provided for by the constitution of the State. The constitution of the State of New York is a document of legislation rather than a declaration of fundamental state principles. I remember when the Constitutional Convention convened in 1915. Senator Root was selected as chairman. He made a speech of welcome to the delegates, spoke about the constitution, and reminded them of the great opportunity they had to do a wonderful service for the people of the State. He criticized our constitution and said that it was too big, too much in it, too much liquor law in it, and he drew from his pocket a small book and said, "The constitution of this State should not be any bigger than that book." A young man from one of the Hudson River counties was appointed chairman of the committee on revision, and he took courage from the remarks of Senator Root and said, "I have a wonderful opportunity for service in this convention." Well, the committee on revision sat around the table and they started to read the constitution of the State of New York, in the very first article of which they found a section written into the constitution so far back that it had become obsolete. The chairman said, "Well, there is something that can come out"; so he prepared a resolution taking it out of the constitution, which resolution was offered at the desk for debate on Tuesday at half-past eleven. A man from Brooklyn, an attorney for the Title Guaranty and Trust Company, started to speak at twelve o'clock on Tuesday against taking it out of the constitution, and he finished Thursday afternoon at four o'clock. Then they took a vote and voted to leave it in. The net result of the whole performance was that when the proposed constitution was ready to be submitted to the people for approval, it took on the proportions of the New York City telephone directory—about twice the size of the present constitution.

It is this network of public offices, spread out all over the State, that stands in the way, not only of any economy, but also stands in the way of keeping down the expenses of government. There is too much duplication of effort in our State. For instance, we have four different agencies dealing with prisoners, two of them provided by statute and two provided in the constitution. The Prison Commission visits Sing Sing prison at the expense of the State, and after lunch they start for Auburn prison; and while walking out of the door they meet the Superintendent of Prisons coming in to inspect the prison. Just as he leaves he meets the Board of Parole over at the depot coming to hold a meeting for the parole of prisoners; and, as soon as the Parole Commission is through, the Probation Board comes in.

We have in the State of New York four engineering departments, and, notwithstanding that every two years the public is called upon to go into the election booth and consult their conscience as to whether the State ought to have a Democratic engineer or a Republican. (Laughter.)

We elect a treasurer and he is called the Treasurer of the State of New York—a high-sounding title. We have got a very nice man from Brooklyn as treasurer; but the funny part of it is that he never has a cent. The comptroller has the money, and, by the way, I might say to the Conference that the Comptroller of the State of New York, Vincent Murphy of Rochester, is present at this meeting. When I need any cash, I never go to the treasurer. The treasurer countersigns the checks. He does a clerk's work, but we elect him every two years. We also elect a secretary of state. The secretary of state keeps the seal of the State and countersigns the papers from the Executive Department and attends to the annual publication of the Legislative Manual.

Where do we get all these commissions and boards from? They are all barnacles fastened on the ship of state going back over a period of fifty years. There is no politics in it; it happens under Democratic as well as under Republican rule.

When the State of New York decided to exercise some control over the sale and dispensing of narcotic drugs, we amended the public health law. We had a Department of Health, at the

time the best organized and best equipped of its kind in this country. We had the State cut up into sanitary districts and an organization that reaches from Lake Erie to the Atlantic Ocean. We amended the public health law to obtain control over the sale of narcotic drugs, but instead of putting that duty on the Department of Health, we created a new Narcotic Commission, with three secretaries, all exempt from the civil service law. Does that give you any hint why all these departments came into existence?

The duty of censoring moving pictures should have been put on the Department of Education, the best equipped in the country today. What happened? Why, we created the Moving Picture Censor Commission, fitted it up with offices and reviewing rooms in the most costly building in the City of New York, and gave it a retinue of deputies, secretaries and confidential officers.

The people of our State voted to give a bonus to the soldiers. Here was the adjutant-general of the State, a constitutional officer, and he had in his possession the name of every man who left the State of New York to fight in the war. Now the comptroller has the money. Did we let the adjutant-general and the comptroller pay the bonus? Not at all. We had to create a Bonus Commission in order to have some more secretaries, some more deputies and some more commissionerships.

Well, what are we doing to cure it? After a long fight ever since 1920, up to the middle of March, 1925, we have been fighting to amend that constitution, and we finally got the amendments passed through the Senate and they will be submitted to the people this fall for approval. If approved by the people, it means that the government of New York State will be drawn down from 156 commissions to twenty-one major departments of government; but the salutary provision of the proposed amendment is that part of it that prevents the legislature for all time to come from creating any more boards and commissions, and putting every future activity of the State into these twenty-one major departments of the government. I have studied them all very carefully, after a long legislative experience, and I am unable to think of a single activity with which the State is connected that cannot be taken care of in these

twenty-one major departments, thereby removing for all time the temptation to create new commissions, with all the attaches who go with it. If the people adopt these amendments, the Governor, Lieutenant-Governor, and the Attorney-General, and heads of departments of state will be appointed by the Governor. The engineering departments will all have to be merged into the Department of Public Works.

One of the women members of the Democratic State Committee in Albany a short time ago asked me if I thought that was good Democratic doctrine; she asked me if I really thought I was advocating the setting up of a democratic form of government. She had in her mind, I suppose, that the appointment of several officials heretofore elected was tending toward centralization of power in the hands of the governor, and was therefore in conflict with some ideas that she had about democratic government. My answer to her was, "Yes, I believe it, because I believe that it tends to set up understandable government, government that the people themselves can have some knowledge about, that it is possible for them to study something about." The present form of government in the State of New York lends itself too readily to operation from the outside. Men who themselves could not be elected to any public office, can, by the peculiar form of our government, have too much to say about the internal workings of the State itself. I got that notion from Senator Root. Senator Root argued for these proposed constitutional amendments in August, 1915, and one of the reasons he advanced was that the multiplicity of commissions and boards and organizations lent itself too readily to manipulation by men on the outside; and he said—and it is a part of the record of that Constitutional Convention—that for a good many years the government of the State of New York did not function properly, and he used the expression that for a great many years New York was operated from the office of the United States Express Company on Broadway and not from the second floor of the capitol in Albany. So we are on the high road, anyway, to see some vast improvement in the structure of the government of the State of New York.

Now let's see how that is related to the question of budget.

During the last session of the legislature in New York, I vetoed a budget bill that the legislators claimed was patterned after the Federal budget system. Well, I am not familiar with the Federal budget system, but I can say that the bill that came to me gave the State of New York no relief. The mistaken notion in the minds of the enemies to an executive budget in New York is that all you need set up is the machinery for preparing an appropriation bill. That is not what we want in the State of New York. We have had that since 1916. Governor Whitman, in his very first term, instituted for the first time in the State of New York a form of executive budget; but what does that mean when the appropriation goes to the legislature? What do they do with it? Well, I will tell you. Sometimes when the Albany newspaper correspondents give a dinner, they put on what we call stunts, the same as the Gridiron Club in Washington, and it has often been said that a great many of those so-called jokes are realities. Well, one of these dinners was had just after Governor Whitman had started the executive budget by amendment of the law, and just about that time some chef in a Chicago hotel had been arrested for putting poison in the soup. At this dinner we were seated at the tables in the large dining room and the young president of the association was presiding. The waiters came in and served the soup. Just as everybody was about to eat it, the president said: "One minute! Stop! Don't eat the soup!" There was a hurried conference and presently two newspaper men came into the room dressed as policemen. They brought the chef, with his white coat and cap on, out front and said to him, "What did you put in the soup?" The chef said, "Well, to tell you the truth, I put the Governor's budget in the soup." (Laughter.) That is where every executive budget goes in the State of New York. I sat for weeks—not hours but weeks—last November and December preparing an appropriation bill as a member of the Board of Estimate and Control, an agency similar to your Budget Director in Washington, and we prepared an appropriation bill and sent it over to the legislature. Well, you ought to have seen it when they got through with it. They threw it away and sent for every one of the department heads and commenced

all over again, on the ninth of January, to prepare a budget of their own and have it ready about two months later. So that what we need is not the preparation of an appropriation bill, but a change in the legislative procedure with regard to appropriations. We need something in the constitution to bring home a little bit stronger to the members of the legislature that every one of them should be interested in the appropriation bill. The fact of the matter is that at the present time they are not. The chairman of the Finance Committee of the Senate made the statement himself at a public gathering in New York that there were not ten men in the New York State legislature who knew what was in the appropriation bill. If you are in the Senate or in the Assembly when they are passing the appropriation bill, it is a treat—something to amuse you. Here is a bill providing money to construct and repair your state highways, carrying sixteen millions of dollars. It passes the Assembly on what we call the quick roll call. The clerk calls out 150 names like this (mumbling a lot of names in an unintelligible way) "149 ayes, no nays; the bill is passed." (Laughter.) That is the way we appropriate sixteen million dollars. Everybody in Albany knows that to be the fact. But you be around there the next day when there is an amendment under discussion providing for the taking of eels out of the Delaware River, and listen to the oratory about that! (Laughter.) But the sixteen million, there's nothing to it!

Now what is the great danger that lurks in this present system? The danger that lurks in it is that it is a constant, lasting and ever-increasing temptation to the legislature to take on executive duties. The executive control of departments through the means of the boards sprang from the appropriation bill. Nothing is more demoralizing among the rank and file of the State's employees, nothing goes further to break down the morale of the State departments, than to have some organized group able to go to the Senate and Assembly and get an increase in salary, after the department head chargeable with the operation of that department says no. Why, no well organized business in the world could continue any length of time doing its business in that way. New York lumbers along

with her old-fashioned government and her lack of system in the appropriating of public money only because of her ability to reach down into the pockets of the people and take what she wants. Everybody knows that.

Let's see what we propose to take the place of this absolute lack of system, and let's see if it interferes at all with the power of the legislature to represent the different back sections of the State in the control of public expenditure! We propose, first, that the appropriation bill be prepared by the Governor after he has sat around the table with the twenty-one heads of departments and gone over their needs and estimates. He sends it to the Lieutenant-Governor and to the Speaker of the Assembly and they introduce it, and from that moment they hold public hearings on it, with the right to call upon the Governor, or any of the department heads, to appear before the finance committees of both houses and explain any items in it. After the public hearings are over, the legislature is free to reduce but not to increase an item. After they have reduced the items to where they believe they ought to be, the bill goes back to the Governor. After provision is made for the support of the government, and certified to by the Governor from his twenty-one department heads, the legislature is free to introduce any kind of an appropriation bill it pleases. There is no interference at all with the right of a given senator or assemblyman to make the government cost anything that he thinks it ought to cost; and, if he wants to raise somebody's salary, or build a bridge up in his county, or get a culvert out on the state road for his constituents, let him bring in a bill and debate it on its merits, and let him give 201 men a good reason why the State of New York should make this improvement in his locality at the expense of all the people of the State. That is a very important consideration. Meanwhile, the opponents of that form of budget are trying their best to prevent it. They have had me crowned the first king of New York. Of course every sensible man and woman in the State of New York knows that that is just plain, pure, everyday bunk. They are opposed to any regulation by constitutional law of the manner and method of appropriating public money because it decreases their influence if this is done.

I make no claim that this of itself will reduce the cost of

government. I do not believe that you can reduce the cost of government of the State of New York; I do not believe any man living can do it. The State of New York in the next ten years must expend \$100,000,000 every year if it is going ahead with its program to feed and clothe every crying baby in its state hospitals and charitable institutions; and until there is a pronounced drop in the cost of fuel, food and clothing, it must cost us a little more every year because we take care of more every year. There is not a single institution in the State of New York that shows any decline in its population over the last five years; and the fact is that as far back as 1920, there were 30,000 mental defectives in the State of New York and we were taking care of 10,000 of them in institutions and taking chances with the other 20,000. I do not believe the man lives who could stand before any intelligent audience in the State of New York and assure them that he was going to cut down the cost of government.

When I went back to Albany in 1923, I was confronted with a program of deferred appropriations that made be dizzy; but no cry could be raised when they were paid because the Assembly had to pass them down to me before I put my name to them. But there they were. Now there is no economy in that.

What we can do is to do every human thing possible to cut out the extravagance of duplication and of waste and to center public opinion more forcibly upon the appropriation of public money by principles of the Constitution showing the method and the manner in which the legislature has to handle the appropriations.

In closing, here is the suggestion that I will leave with the Governors' Conference. I confess that I know nothing at all about the other States. How they operate is a mystery to me; but if you have the same conditions that we have in the State of New York that I have outlined to you, here is a definite suggestion. First, shorten the ballot; also setting up constitutionally the framework of the government into a limited number of departments to prevent the waste and duplication of starting new commissions for new activities.

The next thing I suggest may not appear from what I have said here, but it has a great deal of bearing. I suggest that the

constitution of every State be so amended as to have the election of the governor fall in the year when you are not electing a President of the United States. I notice Governor Brewster gives me a kind of smile on that. (Laughter.) Well, the answer to it is just this, Governor: No large body of our citizenship ought to be asked in a single election to digest these two great subjects, the election of a President and the election of a Governor. Now I have no idea how it works any place else; but in New York you don't hear any talk about the governorship in a presidential year.

GOVERNOR BREWSTER of Maine: You know, Governor, we are the only State in the Union that has a separate election of President and Governor in the same year.

GOVERNOR SMITH: All I can say to that is that while Maine is a leader in progressive thought, it is behind on that idea.

GOVERNOR RITCHIE of Maryland: Perhaps I may be another example, as a move to this end is under way.

GOVERNOR SMITH: If this keeps on, it will look as though I represent the only reactionary State in the Union. Away back in 1894, when we revised our constitution the last time, there was a provision put in that constitution to prohibit the election of mayors in cities the years that we were electing a governor. I read the remarks of Joseph H. Choate before that constitutional convention, and the very reason that Choate gave at that time applies today with greater force to the election of a President and a Governor in the same year; but my political opponents—I am going to give them their due, I am going to be fair with them, they are honest about it, they are frank about it—said in public debate in the State of New York, and it was published in all the papers, that they were not going to change it; in other words, they were not going to let go the advantage that they have in a presidential year because so many fellows come out to vote in presidential years who have not enough interest in the State of New York to vote at any other time. For that reason they want to keep it in that year so as to get the benefit of this 1,190,000 plurality that New York has been giving the Republican candidates for the Presidency the last few years.

I went all over the State of New York talking about the business of the State—I had been Governor two years and had been

in the legislature twelve years—but my opponent never said anything about New York; he talked about Article X and about the canalization of the St. Lawrence River.

The last suggestion I would make is as to the form of the executive budget. The responsibility is on the executive for the spending of the public money. Nobody ever blames legislators for extravagant votes of public money; the Governor gets all the blame of it. If the expenses mount up during his term of office, everybody shouts at him. Nobody says, "Did the assembly vote for it?" Oh, no; they never think about that, but this expenditure of the public money is all up to the governor. While the public maintains that attitude, I would so amend the constitution as to give him the power to assume the responsibility that everybody believes rests upon him in the matter of the expenditure of the public money.

Now, Mr. Chairman, that concludes what I have to say. I offer my apology to the Conference for never appearing at any Conference before. I came near not attending this time. Had the legislature not adjourned sine die last Friday night, I would probably be in Albany now. I tried to get to West Baden, but it was impossible. The business of the State of New York does not permit any man who assumes the governorship to set aside any time for himself or to do anything that he feels like doing. I have often said that what we needed in our State was two governors. We ought to have a social governor and a business governor; one fellow to sit down and do the hard, grinding work, the other with a couple of dinner suits and a couple of white shirts to go around to the dinners and balls, lay the corner stones and make all the speeches. But they haven't done it; so I am trying to take on both jobs in the best way I can. That is my reason for not having been at any Conference in the past. I am sorry that I must leave you, but there are matters awaiting decision by me. Some of the decisions must be made before the Fourth of July, and I am going right back to New York by motor. I thank you for your attention; and although I have spoken entirely about my own State, wherever there is a parallel condition I hope you have got something out of it. (Applause.)

CHAIRMAN TRINKLE: Governor Smith, I want to assure you that we are appreciative of your presence and of your remarks,

and I am quite confident that I can say in absolute truth that a great many of the Governors present visualize some of the legislative experiences that you have referred to.

It has just occurred to me that our President, since his term of office began, has suffered a very severe personal loss in the passing of his son. I note from this morning's paper that there seems to be some indication of a possibility of a similar experience in the passing of his good father; and I think it would be perfectly proper for the Chair to consider a motion from some member of the Conference that we send our best wishes to the President, and express the hope and the wish that his father may soon be restored to his former health and vigor.

Thereupon, on motion by Governor Trapp of Oklahoma, duly seconded, it was unanimously so voted, and the secretary was instructed to send a telegram from the Conference in the name of the chairman and the secretary.

CHAIRMAN TRINKLE: You will notice by looking at the program that we now have a place for a general discussion of related subjects, that is, dealing with the question of the budget. I want to say to those Governors who are here for their first Conference that we do not have the rule in this Conference that usually prevails in college, where a person is expected to keep quiet until he has at least reached the degree of a sophomore; but we are glad to hear from you and all of you. It is my own personal notion that the greatest good that we derive from the Conference really comes from the general discussion in which we are able to ask and to answer questions; and I do not know of anything more important than a discussion of the subject that is now before us.

We happen to have in Virginia an executive budget. The Governor is responsible absolutely for the budget. We fail to have one thing, however, that Governor Smith has suggested that I think would be a very wise provision, and that is that the legislature cannot raise the appropriations. Unfortunately, with us, they can raise and lower. However, the Governor has a right to veto any particular item of the budget that the legislature may see fit to change. In Virginia we have no right to pass an appropriation bill until the budget has been acted on and passed on. There are a good many provisions that he refers to that I am

glad to say we already have in Virginia. Still, our is not yet perfect.

Gentlemen, if you have any questions to ask General Lord or Governor Smith, or if you have any suggestions to make, we would be more than delighted to have you do so.

GOVERNOR RITCHIE of Maryland: Mr. Chairman, I have been much interested in the points brought out. I think it may be of interest to say that in Maryland, so far as the short ballot is concerned, we only elect four state-wide officers—the Governor, the Comptroller and the Attorney-General. We do elect a clerk of the Court of Appeals.

Our State elections do not come at the same time as the presidential election.

On the subject of reorganization, in 1922 we had seventy or eighty departments. We reduced them to sixteen major departments and three minor departments.

On the subject of state budget, we have the executive budget, which Governor Smith outlined, except that after the budget submitted by the Governor has been approved, then, in the event the legislature wants to appropriate any additional money, it can only do so in an act which itself provides the means of raising the revenue for.

CHAIRMAN TRINKLE: Governor Ritchie, do you have the provision that the general assembly cannot raise the Governor's appropriation bill?

GOVERNOR RITCHIE: Yes; the general assembly can reduce the Governor's budget or strike it out altogether; they cannot raise it.

GOVERNOR McMULLEN of Nebraska: Mr. Chairman, I want to take advantage of your ruling to say, while Governor Smith is here, that we have in Nebraska, and have had since 1919, all that Governor Smith has just covered in connection with the short ballot and the executive budget.

We reduced our thirty-six commissions, putting them under six administrative heads. Those administrative heads are all directly under the Governor. He appoints and dismisses. They are managed entirely through his recommendations. Additions and eliminations are made upon the suggestion of the Governor. The budget is made entirely by the Governor, with the assistance

of no one else whatever. He takes each expending agency and decides in his own mind what that agency should be permitted to have in the way of money to spend during the biennial period. The legislature may increase his estimate by a three-fourths vote of both bodies, or they may decrease his estimate by a majority vote, which is a good thing.

Governor Smith is absolutely right. It is impossible to know what money is being spent, and what it is being spent for, with 36 or 127 expending agencies, all getting as much as they can to spend and spending it in any way that they wish; so I am proud to bring up the State of Nebraska as being one of the first that has attempted in a progressive way to solve this problem of extravagance in the expenditure of public money.

GOVERNOR WHITFIELD of Mississippi: Down in my State, Governor Smith, the trouble is not about the State expenditures; it is the county expenditures. I think that is where the waste and incompetency comes. I would like to know if they have done anything in New York to save money along that line.

GOVERNOR SMITH of New York: Yes, we have. By amendment to the constitution we have permitted the reorganization of the two large counties directly adjoining the city of New York, that is, Westchester on the north and Nassau on Long Island. These counties grew so fast, new cities springing up over night by reason of the great growth in population, that the old-time forms of county government became obsolete, and we have provided by constitutional amendment that they may reorganize under an entirely new form of county government, electing a county president, and allowing him to appoint a Board of Estimate and Control. The budget system of which I spoke, and which was devised in the constitutional convention of 1915, has actually been instituted in these two counties. However, we were obliged, in deference to public sentiment, not to permit it to become a law without a referendum to the people. Now Old Man Politics has got his hand in it down there, and they are commencing to battle it out along political lines instead of business lines, and no one knows what will happen. I did my share. I advised the Democratic State Committeemen from those counties, and the Democratic organizations of those counties to stand for the new form of county government. Our

county government in New York is obsolete ; it is out of business ; but just as soon as you commence to talk about it, you stir up a cry from the rank and file of the people of autonomy.

Down in New York City we have the ridiculous situation of five counties inside of one city ; so we have got five county clerks, five district attorneys, five surrogates, and five sets of criminal courts.

GOVERNOR WHITFIELD : And the reason you did not extend it to the entire State was because you thought it wasn't good policy to do it at once ?

GOVERNOR SMITH : We thought we would try out these two counties first, just as we have allowed cities to take on by their own vote various forms of city government—the commission form and the so-called city management plan. Now if this is successful in Westchester and Nassau, there is no doubt that some of the other counties will ask for it, because waste in public funds through the old-time county government is undoubtedly going on all the time. There, again, I say it is largely for the people themselves to settle. There is a good deal of opposition to any change in the form of county government.

CHAIRMAN TRINKLE : In furtherance of what Governor Whitfield said, in analyzing the figures in my State, I noticed that in the last ten years Virginia has only increased her State expenditures in about the same proportion as the average of the States of the Union ; but when it comes to county expenditures, they are almost double the average. This has given us a great deal of anxiety.

General Lord, I would like to ask you this question : The budget that is prepared by you and presented to Congress can be acted on in what way by Congress ?

GENERAL LORD : The budget is prepared, under the law, by the President. The Director of the Budget is charged under the law with the preliminary work, and it is submitted to the President. It is recommended to Congress in one message—one bill—in various chapters. It is referred by the Speaker of the House to the House Committee on Appropriations, and by the President of the Senate to the Senate Committee on Appropriations. In the Senate and House each of these committees of appropriation has sub-committees provided for each of the chap-

ters. For instance, the sub-committee on the War Department analyzes the War Department chapter, and Congress can either reduce or increase, and the President has no authority to veto an entire bill, that is, a chapter, if he is not satisfied.

CHAIRMAN TRINKLE: He cannot veto the individual items?

GENERAL LORD: He cannot. The bill is a recommendation of his policy crystallized into dollars and cents.

GOVERNOR HAMMILL of Iowa: Mr. Chairman, we have a budget director; but it seems to me that you are not getting at the root of the thing that is costing the people of the states a lot of money at the present time, and that is this: You are simply proceeding with your state budget. I agree with Governor Smith that we are turning into too much supervision, too much keeping a record of what someone else is doing.

I have listened to the discussion on this budget proposition as presented by General Lord and Governor Smith. I appreciate the fact that the problems of New York are not the problems of Iowa, Nebraska and some of the other states; still the problems in a general way are the same. You may be able to reduce some of your state expenses, but here is the thing that is costing the people money today and you will find this to be true. The national government is reducing the national indebtedness, but you will find that various departments of government in the last two years have increased their expenditures tremendously, and this in the face of necessity for retrenchment and reform. The question is, how are you going to stop it? It occurs to me that you must take into consideration the ability of the people to pay. Certain improvements are demanded. A man makes certain sacrifices for his family, and you get the same situation in the matter of public economy. There are certain concessions that a taxpayer can make.

One other problem that has not been touched on at all is this: One of the things that is costing the various states and the various departments of government considerable money today is public contracts, and I have not heard a word of suggestion here on the part of anyone of the importance of a general review of public contracts. I want to say to the Governors assembled here that in my opinion it is one of the things that is costing the people of the various states more money than any-

thing else you have to contend with today. In Iowa, we have a budget director, and it is provided that he shall have supervision of contracts, and they have a right to review and determine whether there is a real necessity for the contract. They have a right to determine whether or not the cost of any matter is greater than the benefit to the community. They also have the right to go into the question of the value of that contract and whether or not that contract is reasonable. We find that that has a tendency to keep expenditures within due bounds along those particular lines.

I am a little inclined to believe that the Governor of New York is going to put into the constitution some things along the lines he has suggested here that are really legislative problems as distinguished from constitutional provisions. I agree with him heartily that there has been a tendency to put too many things in the constitution as distinguished from the declaration of principles, but it seems to me that there is a tendency, even in that direction, to go too far in this respect. It seems to me that what is needed is a consolidation of your various departments, and when you get this call for the creation of additional commissions, a wholesome exercise of common sense will have a tendency to keep them within due bounds along those lines. It seems to me the fundamental proposition that has been overlooked is that provision of general supervision of public contracts which, to my mind, is a matter of far-reaching importance.

GOVERNOR SMITH: There is one thought that I have to leave with the Conference, and I would like to ask General Lord if he will do something about it down in Washington. Under the Federal law the Federal government is responsible for the maintenance and care of the alien in the hospitals of the State. In round figures the Federal government owes the State of New York sixteen million dollars for this.

GOVERNOR BILLINGS of Vermont: I think perhaps the Conference might be interested to know that we have had the budget system for two terms. The Governor has to prepare that budget, but the legislature has had confidence enough in the last two governors to invest them with the absolute power to cut down any appropriation made for any department.

GOVERNOR SMITH: That cannot be done in New York under the constitution, no matter how much confidence they might have in me.

GOVERNOR BILLINGS: I will also say that I have already cut one department down.

CHAIRMAN TRINKLE: Is there any further discussion along this line?

GOVERNOR WHITFIELD: Mr. Chairman, I have an idea that we have not dug quite deeply enough yet, that we have got to get down to the very foundation. In this country, where the people vote, where they elect their officers, and where they pass constitutional amendments, the people themselves will have to be taken into consideration. We submitted a tax amendment last year which we thought to be a very wise thing, but, according to the decision of the supreme court of the State of Mississippi, a man who does not vote on an amendment is voting against it, and, consequently, it is hard to get any amendment passed. I think public sentiment is what we need. I know that down in our section of the country we are not going to be pulled up any higher than the average of public sentiment of my section; and I want to state very frankly that what is true about Mississippi I believe is true about your States. The average citizen of a State knows absolutely nothing about the character of the problems of his State. Some months ago I prepared a questionnaire of about 120 pages dealing with the larger problems of the State. I sent it out to the press and sent it out to the ladies' clubs and to the high schools to let them read these questions and see how many they could answer to qualify as intelligent voters of the State of Mississippi. I also asked the business interests of the State to raise a sum of money to provide machinery, in co-operation with the Governor, for making an efficient survey of the entire State. That committee of business men has been appointed, that money has been raised, and we are going to take up questions relating to taxation, education, eleemosynary institutions, health work, and other important problems of the State of Mississippi, and we are going to get experts, going to have those questions studied, and after we have gotten the data, we are going to meet around the table, reorganize and simplify the many links—not only that, but we are

going to try to get a general discussion of these things in the entire State of Mississippi. It is our purpose to have text books prepared for the common schools, for the high schools, and at the university to establish a great research department, where we will encourage by scholarships, if necessary, the young men and the young women going to that university on condition that they shall go out into the State of Mississippi and study these problems—social economy and all kinds—in the State of Mississippi; that this information be published and we get up a general discussion about our State and its problems for the purpose of getting not only more intelligent legislation, but to prepare the people to make it possible to get this more intelligent legislation.

I believe we have got to have a real popular movement. I know that in my State too many are looking at it to see what they can get out of it. If we can only educate our boys and girls in our high schools to render intelligent service to their State, great good will come out of it. If we can get the voting population of our States to take an interest in the great problems that confront the legislature and the governor at all times, it will be an easy matter to educate them to do what they ought to do as viewed from all these standpoints.

CHAIRMAN TRINKLE: Does anyone desire to say anything?

GOVERNOR RITCHIE: Governor Hammill, did I understand you to say that you had a central board to determine on the advisability of making contracts?

GOVERNOR HAMMILL: We have a budget director who is appointed by the Governor. He must be confirmed by a two-thirds vote of the Senate, and then we appoint two other men who become a board with him to pass upon any contract question that may arise in the building of some public work in some place. There is a right of appeal to that board, and that board sits upon and determines the question as to the reasonableness of the contract, whether it is an equitable contract, and reports back its finding, and the validity of it is determined upon that question. The budget director has the right to go into the matter and study it in detail. We find that it brings the contract within reasonable curtailment and brings it down to the question of public improvement.

CHAIRMAN TRINKLE: Do you mean that that board deals with county contracts?

GOVERNOR HAMMILL: That board deals with public improvements. It is a citizen's right to appeal to them.

CHAIRMAN TRINKLE: Would a municipality have to apply to that commission before it could let a paving contract?

GOVERNOR HAMMILL: No, it would not have to apply. The taxpayer gives notice and has a right to appeal and present that question.

CHAIRMAN TRINKLE: Is that often taken advantage of?

GOVERNOR HAMMILL: Not very often, but once in a while.

CHAIRMAN TRINKLE: So far as my State is concerned, I can hardly conceive of any such contracts being made except for road building or the erection of public buildings.

GOVERNOR HAMMILL: One contract I have in mind was one in which a specific provision was made for the termination of a contract the State has made in its penitentiary in connection with prison labor. Whether or not that contract is reasonably just and equitable was the question passed upon. This law has not been operating very long; in fact it has only been in effect about a year.

You will never reduce public expenditures in any place until you ascertain how much money you have got to expend, and then keep your expenditures within that amount. I have seen commercial organizations appoint a committee to report back what they think a certain improvement will cost. They have not gone out and studied what the improvement is going to cost, when as a matter of fact, if they were rendering a real service to that commercial organization, they would have studied what every improvement was going to cost, and reported back.

CHAIRMAN TRINKLE: Who has the final say in the matter?

GOVERNOR HAMMILL: The budget director.

THE CHAIRMAN: He can reject it?

GOVERNOR HAMMILL: He can. Of course you can go into court and try out the question, but you have that right of review. It has a wholesome effect.

CHAIRMAN TRINKLE: Has anyone else anything to say? I hope that sometime during this conference we are going to find an opportunity for some hard-thinking, well-visualized indi-

vidual to discuss in a brief way the question of efficiency. One of the great difficulties is the fact that we are going into so many activities. We are stretching out the arms of the State into so many fields, and we are trying to help in so many directions, that we are adding to the tax burden, and, at the same time, we are stretching our limited funds out so thinly that we are not getting efficient service in the things we are undertaking to handle. It is a question whether or not we should curtail the number of activities, picking out those that are really worth while and getting efficient service in those things that we are trying to do.

GOVERNOR HAMMILL: Isn't that going back, Governor, to the old story of getting too much government in business and not enough business in government?

THE CHAIRMAN: Absolutely.

GOVERNOR MCLEOD of South Carolina: We have been discussing expenditure of state appropriations, which is the smallest amount of money expended by the State. We have not touched county government at all, and it is too late to go into it now, but I would like a general interchange of opinion at some time during the Conference on this topic.

Adjourned.

MONDAY EVENING, JUNE 29TH.

The Conference was called to order by Governor M. E. Trapp of Oklahoma at 8:30 p. m.

THE CHAIRMAN: We are assembled this evening for the purpose of hearing an address on the subject of national State parks. I hail from the far West where we have no artificial parks, but the whole country is a beauty spot in its perfectly natural state. I know but little of the development of parks, but we have with us tonight Major W. A. Welch, the manager of the Palisades Interstate Park, of New York. I will call on Governor Smith to introduce the speaker.

GOVERNOR SMITH: Mr. Chairman and Members of the Conference: The State of New York has twelve regional park commissions. The chairman of each regional park commission is a member of what is known as the Park Council. Prior to its

creation, all of the different parks and places of scenic interest depended for their existence entirely on their individual ability to induce the legislature to give them money. Favored parks received plenty and the others were neglected. Under the regional park system, the activities, so far as parks are concerned, are co-ordinated by these commissioners and under salary. In the case of the Palisades Park we are in partnership with the State of New Jersey on that particular park, and both States appoint a commission, and each regional commissioner has a working manager.

I believe we have the greatest park commissioner in the United States. I claim him all for New York and nothing for New Jersey—Major Welch.

MAJOR W. A. WELCH: Mr. Chairman, your Excellencies, Ladies and Gentlemen: The National Conference on State Parks was asked to send a representative to speak to this distinguished body this year, and for some reason they wished it on me. I do not like to speak because I do not do it well, but I am delighted at the opportunity to tell you gentlemen some of the things that have been done in the state park movement within the last half generation—it dates back about that far, I think.

Directly after the organization of the national park service, they really became a bureau of the government and began to co-ordinate our national parks until now we have in the national park system a total of nineteen parks, eighteen of which lie west of the Mississippi River and one here in Maine. Of those nineteen parks, six really ought to be state parks. They were created and were made national parks before the country or the government realized what our national parks were going to mean to the world and to us. Leaving out those six, I think that our national parks are the finest things scenically, the finest representation of our geological and botanical history that it would be possible to bring out anywhere, not only in America but in the world. We have representations of all of our great mountain chains, of the great volcanoes, of the wonderful geyser basins, the great erosial canyon, and, to my mind, the greatest of all living things, our Sequoia National Park in California; and it seems a pity that such a galaxy as that should be ruined by tacking onto it anything that is not worthy of that company.

Yet that has been done, and I hope sometime in the future we can undo some of it.

It was because of the pressure that was constantly brought to bear on the government, particularly on the park service, for the creation of new national parks in small areas, or, sometimes, in large areas that, in the judgment of the best informed people in the country, were not worthy of going into that system, that this was done. Then, of course, the thing that Governor Brewster spoke of today naturally entered into it—are we going to wish everything onto a centralized Federal government? Aren't we going to let the States attend to any of their affairs? And, debating those things, the people who had the future of the development of parks most at heart decided that we ought to take steps to carry out a State park idea, to encourage that and to encourage the creation of a great many more areas all over this country as State parks, looking upon national parks as the university of Nature's school.

You know you cannot take a child out of the kindergarten and send it into a post-graduate course in a university; and our little playgrounds in the city are nothing but the kindergartens of the school of the out-of-doors. We have to have something in between. So there seemed to be plenty of room for a separate system of parks, something between the city park, that necessarily must be largely spoiled, in my opinion, by artificial decoration, and a park that is bigger than that, bigger even than a county park—a State park that can be left largely wild, that can be made in a small way one of the same kind of natural museums that our national parks are. Of course, there are other State parks that are just as necessary, probably. We all have many historic places and places of particular scientific interest in the States that must be preserved. But they are not parks. I wish we could find another word for the things that we think of as parks now. It is used for too many things.

What we want in the States are great natural playgrounds for our people to get out into, so that they may learn what this country was when our forefathers came into it; learn a little bit about what Nature wants to teach all of us. We must do it in some way. Now we can do that with State parks; and, with that idea in view, this movement was started five or six years

ago, to help out those States that already had some State park system and to encourage the other States to keep them up; and it has gone pretty well. Within the last five or six years twenty-three of the States have joined that group, and at present—this is the last census, just two days old, they are changing rapidly—Michigan now has fifty-three State parks, all of which were received as gifts since 1920; Texas has fifty-one State parks, all given to the State as gifts since 1923; Connecticut has thirty-two State parks. Now Connecticut has been gradually picking up for the past ten years all of the real beauty spots in the State. A great many of them have come as gifts through the activities of their Park Commission or their Conservation Commission. New York has forty-five State parks. This includes, of course, a number of historical sites and all sites that were selected for their scientific interest; and, as Governor Smith has just told you, she has, I think, the finest plan for a State park system that has yet been devised, a thoroughly co-ordinated system, one that the people of that State endorsed when they voted a bond issue for that purpose last year by a majority of almost a million votes.

Pennsylvania has 1,130,000 acres of State forest, and beyond that she has fifteen State parks. Iowa has eight State parks, and she has taken over the water service of nearly every lake in the State and made a State water park of that, and is now acquiring areas around those lakes. Missouri has seven State parks, and they have all been acquired either by gift or through funds secured from their hunting and fishing licenses within the last six months. Massachusetts has six State reservations and several State forests, and there are a number of small tracts in Massachusetts which are partially under the control of the State, generally administered by private societies. New Jersey has only one State park, but she has a part of two interstate parks, one with New York and one with Pennsylvania. Ohio has six State parks, also several State forests. Indiana has five State parks, which she has acquired by purchase and by contribution, and she has just voted a State tax of \$832,000 to acquire the Dunes Park along the southern end of Lake Michigan, to make it into a State park. Incidentally, it was the preservation of those dunes that the national park service had a great deal

of trouble with. They all wanted them made a national park. Minnesota has fifteen, a number given to her, several she has acquired by transfer from other State purposes. Kentucky, West Virginia, Alabama and Louisiana have just created State park systems and set their commissioners to studying those States and selecting sites for the State parks. They have made no appropriation for this work, but it is being carried on by the commissions. Florida, at the last session, authorized the setting aside of 5,000 acres of land as a State park, her first. Tennessee has just created a State park commission two or three months ago, and proposes to establish three very large State parks. Arkansas, Nebraska and Kansas have one park each. Nevada has just established a State park system and appointed commissioners. California has six; Washington has one large State park and a number of small areas along her highways where she has traded some of her school lands that had good timber on them, but that lie back away from these highways, to the lumber companies for the lumbered areas along her roads. She is making State parks of those. Utah has just created a State park system. Wisconsin has nine, all but one by gift, and she has one park of 98,000 acres. New Hampshire has just voted to spend \$200,000 to buy the Profile Notch.

You see that within a period of five years, seventeen States have been added and recruited to the State park idea. We have a man in the field now who is going into every State in the Union before this summer and fall are over, and try to sell this State park idea to all of them. He has been fairly successful so far, and he is producing some most wonderful information; and I cannot understand how anybody who will stop and think can fail to agree that we ought to set aside now while there is a chance as much of the wild land as has scenic or recreational value in all of our States, and do it before we get in the condition that some of them are now, where they are paying three and four hundred dollars an acre for land that they ought to have paid four or five dollars an acre for.

State parks need not be expensive; they need not be burdens on the taxpayers. That is just a bugaboo that an investigation will show is wrong. Why, some of the State parks are already

practically supported without cost to the State by charging a small fee of admittance to the park; and nobody objects to it.

If you would go into some of the metropolitan districts, where the population is so concentrated, and see the things that you will see on the streets there, see where the children are playing, how they have to live, what they come in contact with, and what little chance they ever have to have anything good and clean, and then see how some of those same children get out into the parks now—the State parks—that are close to those centers of population, and what they do and what they learn, it would make you think about the value of them—make you think about what they are worth. If I could take you with me just this next week back to our park on the Hudson, and show you within the one week more than 8,000 girls and boys, from little tots to fine up-standing Boy Scouts, it would give you food for thought. Eight thousand of them will come in there this next week, each to spend two weeks there; and when their two weeks are up they will go back and that many more will come to do the same thing in our camps. Come and watch some of these youngsters get off the boats and see what they do. They look around at the woods and they will say, "Shucks; there ain't no place to stay here; there ain't no streets!" I have heard them say that, and at the end of the two weeks those same youngsters would be missing when we tried to send the crowd home. They wanted more of it. I know of several of them who have managed to stay all summer by running away on the right day and then coming back after the crowd left. Two or three years ago I saw a little girl get off the boat up there and she saw some daisies in the field. She ran over to them and said, "Look, Mama! Them is what we was making." And when the Councilor told her "You must not pick those flowers, you will kill them," she said "I'll go and put it back," and she ran over to put the flower back.

Now do you know that there is more than a tenth of the population of this country that is a very little better off than those children, and it is out of that same population that those who are going to shape our destiny in the next two or three generations have got to come? Now they must get out and see some of the things that we saw as youngsters and that our fore-fathers saw. They have got to learn that there is something

besides concrete and asphalt and brick, that everybody's hand is not against them. In these parks where they go now, the ones that we have had a chance to develop, we have brought back all the animals that used to be there in the olden days. Down in our park on the Hudson we have brought back the bear, the elk, the beaver and the deer, all of the birds and all of the trees that we can learn of, excepting three, that ever grew in those mountains. This is what those children are getting, and every summer every one of those camps is building a museum. The children themselves are doing it and they are crazy about it. They go out and gather the samples of everything, of all the wild life and all the flora and all the trees, bring them in there, and they are taught how to label them, taught how to show them, taught what it all means. They are doing the same thing in the national parks, but they are doing it there for the ones who can go out; these children cannot. They have got to have a stepping-stone somewhere before they can appreciate the beauties of the larger parks. What would it mean to one of those children to take him to the rim of the Grand Canyon and let him look down into that gorge where they ground right down to the very skeleton of the earth! Do they know what that means? What would they think if they were to look down into Crater Lake, that most wonderfully colored bit of water on this hemisphere! Would they appreciate that? Would they know what it meant? They might say, "Oh, ain't that grand," and that is as deep as it would go. They have to begin at the bottom, and it is up to us to give them a chance to do that; and the more of those places that we can pick out everywhere, all over this land and set aside while there is time, the better it will be. They need not be developed. Just open them up now enough to let the motorists get in there, enough to take care of them. Just put enough force in there to protect them, to keep the fires out and to keep things growing. Intensive development can come later when the crowd forces you to it. Where we have done that in two or three instances in this country, we have been driven to put twice as much development into the parks as any of us wanted to put there, because the people came so fast we couldn't take care of them. We couldn't protect them unless we did. Now I am almost ready to throw my hands up over the one park on the

Hudson with which I am most intimately connected because it has about reached the saturation point. Last year we had nearly nine million people there, and most of them from the city. Last Sunday we had 152,000 at one point in that park fifty miles from New York City. We have got to get some more of the same kind around New York City. They must not be close to the city; they must be away from it, in the woods, in the wilderness, for that is what they want.

That is the reason we have formulated that plan in New York for a state-wide system. That is what we want you to do in all of the States. Get those things now while you can. God knows we will need them in the next generation. I thank you. (Applause.)

THE CHAIRMAN: I am sure that the Conference has been impressed with the remarks of Major Welch, and as one who comes from the West, born and raised in the West, I can see that the creation and establishment of parks, in the Eastern States particularly, is a matter of great importance.

If I may be indulged for a few moments—in the year 1889, when a mere child, I migrated to the then territory of Oklahoma, grew up there. When I went to Oklahoma it was a vast prairie, timber lands, mountains and streams, but no one living there. We went in one day and settled up the country. The country was inhabited by all sorts of wild game—wild turkey, deer, prairie chickens, quail, and many other specimens. Today we have 2,250,000 people within that State. Every available space suitable for agriculture has been converted into farms, grazing land, and so on, and the game has been killed out and driven away. The State, however, some few years ago, created a preserve of 14,000 acres in the mountains as a game preserve. The last session of the legislature, which adjourned in March, created a game commission in the State, and a forestry commission, and a previous session of the legislature created a highway commission. It is the purpose of those three commissions to co-ordinate in the process of establishing State parks along the principal highways. It is well that we take Time by the forelock, and preserve for the benefit of our coming generations some of the beauties of that country in their natural state. I am sure that the trees which you have here are of importance, especially to

those States in the East where matters of that sort have been more or less neglected.

This is a question for discussion. Are there any remarks?

GOVERNOR HAMMILL: Mr. Chairman, I would like to ask Major Welch a question. Have you any notion as to the general size of a park for a community, or do you go out and acquire all the land you can acquire?

MAJOR WELCH: My idea about parks is that you should preserve in your State those areas that are not more valuable economically.

GOVERNOR HAMMILL: Suppose 75 or 100 acres would be ample for all park purposes. Would you leave the balance, which might be 200 acres, for grazing land? What is your plan about that?

MAJOR WELCH: I would, wherever possible, take enough area into the park to make it a game preserve and a game recreation ground, as well as one for the people; and if you only take a restricted area and attempt to put game on it, and then graze the rest of the area around it, your game won't do very well.

GOVERNOR HAMMILL: The only thought I have had in this connection is that I do not know how far a State should go in acquiring a particular tract of land, just because it would be useful for that purpose. When you talk about the expense, of course there is some expense, though it is worth all that it costs. We make a direct appropriation and take a part of the fish and game license money for that purpose. The matter of roads, shelter houses and maintenance does run into some investment.

MAJOR WELCH: That depends entirely on the intensity with which you develop the park. New York has one area of 1,700,000 acres.

GOVERNOR HAMMILL: We are proceeding on the theory that a park is of no value unless you can get the public to it, and therefore you need your roads and the general conditions.

MAJOR WELCH: I am afraid I will have to disagree with you on that, because the public will go to it if you have the park. This new gasoline tax you are putting on in all of the States is helping to maintain those roads, and the motorists who use those roads are spreading an average of ten dollars a head a day along the roads as they go.

GOVERNOR HAMMILL: We are having wonderful success this year in building shelter houses and building the roads.

MAJOR WELCH: It is a fine idea when it can be done.

GOVERNOR TRINKLE: Major, as I understand, the main function of the National State Park Association is to indicate those areas that can best be used for a park; that that is the main point.

MAJOR WELCH: That is the main thought. That was very well expressed by Secretary Work when there were twenty-five or thirty bills introduced in Congress to create national parks in the East, somewhere in the Appalachian system. Plainly, they could not all be national parks. A great many of them did not measure up to the standard of national parks, but they would make fine State parks; and to try and clarify that situation the Secretary sent a commission into the Southern Appalachians with the idea that we needed in our national park collection one or more parks to represent this particular type of country. We haven't any there. That commission went out with instructions to find areas where there was no mineral, where there was no water power, where there would be no temptation in the future for commercial development, and where it would not interfere with agricultural work. That commission has recommended two areas, one, Governor Trinkle, in your State—a wilderness that I cannot understand, to save my life, why it is there. I think the good Lord must have, in His wisdom, driven the people away from it and all around it. Ever since Virginia was settled it has been right there, dividing your great valley country from the Piedmont country, and it is a wilderness almost as primitive today as it was when Governor Spotswood rode over it, and there is no economic value in it, except, in my opinion, the greatest of economic values—for recreation.

GOVERNOR WHITFIELD: How would it do to combine with this the conservation of the growing timber—reforestation of the parks?

MAJOR WELCH: That is exactly the same proposition as what will you do with your water. The great majority of the parks that have been created so far are going to be of immense economic value in the preservation of watersheds by the protection of the timber on those areas. We do not want to select an area

for a park in which it is very easy for you to cut off the marketable timber. I should say that was of economic value, a great economic asset.

GOVERNOR WHITFIELD: Could you cut it off gradually and not impair it seriously?

MAJOR WELCH: That is being done in a great many instances. You can cut forests off under proper regulations. You cannot do it as cheaply as the old saw mill man used to do it when he used to clean the mountain side—as cheaply for him—but you can do it much more economically for the country, if you do it properly, and it does not hurt the park.

GOVERNOR SMITH: Mr. Chairman, in further answer to the Governor of Iowa, I do not believe that before 1923, which was only two years ago, there was any movement in the State of New York looking to the laying out of parkways or parks with any idea of the future growth of the State. We never had it in our minds. I will tell you how we got our various parks. We got them to protect something that the State already had. For instance, our great park at Niagara Falls was made up in order to keep water power companies off the frontier. If we did not take the land at Niagara Falls, private development—water power companies—would own the whole water front, and anybody who went there to see the wonders of Niagara would be walking on private property.

Originally, we started to secure lands in the Adirondack Preserves for the preservation of our water supply. Twenty-five years ago nobody got near the Adirondack Preserves except a few very wealthy people who had camps up there in the choice spots; but the average man or woman in the metropolitan district, or in the central part of the State, never saw the Adirondack Preserve. But, the introduction of the automobile has brought the people of the whole State right to the Adirondack Preserve every year, as well as from other States; and the automobile in New York is not at all confined to the man with money—not by any means. Everybody has one in New York. Why, there is one automobile for every four or five people living in the State of New York. I was sitting on the front porch of the Mansion in Albany one night last summer, and I saw a New York policeman and his wife driving along the trail. He gave

me a "Hello, Al," and I said "Hello, Ed, where are you going?" "Well," he said, "we are driving up to the Adirondacks, and thought we would drop in and see you." So they stopped over night at the Mansion and started for the Adirondacks the next morning. Distances are not what they used to be.

The Hudson River boats have an arrangement now whereby they let you take your automobile aboard the night boat and the next morning you are within striking distance of the Adirondacks.

This used to be our forest preserve for the preservation of our water, and to prevent lumbering on it, and so set was the State of New York against lumbering in the Adirondack Preserve we wrote a provision in our constitution which is coming back today to block us. We said in the constitution that the Adirondack Preserves shall remain forever wild forest land and nothing can be taken off of it. The courts construed that to mean a dead tree, and we were unable to remove even the dead timber from the Adirondack Preserve; and when a short time ago we desired to connect the lakes up on either side of the Adirondacks with an improved State road, it was necessary to submit a referendum to the people of the State and amend the constitution to build that road through the Adirondack Preserve, because not a single tree could be cut on it by anybody. The lumbering interests would have denuded the whole Adirondack Preserve had it not been for those vigorous amendments to the constitution which prevent anybody from touching anything in that preserve.

Now, Bear Mountain Park that we are speaking about! That came to us originally as a gift from Mrs. Harriman. It was wild land, very difficult to get to; no way of getting near it; boats did not land there. It was just the Palisades as we saw it on the front, this great, rocky formation that is on the west bank of the Hudson River; and when Mrs. Harriman made the gift to the State both States joined together and by appropriation from bond issue and from current revenues of the State, both States have added from time to time to the preserve on Bear Mountain. I might say that Bear Mountain is the one park that is laid out looking to the future growth of the metropolitan district of New York. It is only a short run up there

in an automobile, and I believe that the first or second day that the new bridge was opened eight or nine thousand automobiles crossed it. People can get into Bear Mountain Park in no time; in fact Bear Mountain Park is today nearer the heart of the metropolis than Bronx Park was when I was keeping company with my wife before we were married. Then it took all day to go up there. An old green horse car was the means of conveyance, and if you had a vigorous constitution you could stand the trip. The city came along and built the subway, until now we have nine- and ten-story apartment buildings overlooking Bronx Park. Twenty-five or thirty years ago it was just as wild as Bear Mountain Park.

Of course this immense growth of population presents questions with which other States do not have to grapple. Many of our other parks are created for the purpose of preserving natural scenic and historic spots. We have made the Saratoga people build a park so that the famous springs may always be preserved. We bought the mineral water rights and bought the land in the village of Saratoga Springs itself to preserve the water for the people for all time to come.

In this little pamphlet that I have here about State parks, on turning to the last page you will see an interesting article to the effect that political dissension in New York has delayed the use of an appropriation of six million dollars. In a very few words I will tell you that story, and to my way of thinking it is a highly amusing and highly interesting story. It shows what a State has to contend with when it wants to get funds. Up in the Adirondack Preserve nobody cares how many parks we erect; in the central portion of the State you can have all the parks you want; but when you touch Long Island, that is different. Don't get onto Long Island. There are too many people of wealth who are trying to turn that into a park for themselves. They have succeeded in doing it on the north shore of Long Island, where private estates have taken up the first fifty miles of waterfront property after you leave the city line of Greater New York.

In 1923 we began this state-wide program and we appropriated a million dollars in cash. We appropriated a million more

pel of the State to bond the State for fifteen million dollars. That referendum was overwhelmingly adopted, receiving more than a million majority in the popular vote in the election of 1924. The Park Commissioners started out to get busy and acquired some land. The Long Island Park Commission went forty miles from the city line and found 1,600 acres of as wild land as there is in the United States. It belonged to an ex-senator at Albany at one time and he planted every kind of tree in the world on it; he built canals through it. It served as a great game preserve. It had wild deer on it. No living person lived on that property for seventeen years. The Park Commission found out that it was there because it was offered for sale by a real estate agent in the village of Babylon; and just as soon as the State went down and said "This belongs to us for a great public park of 1,600 acres, only forty miles from the city line," a number of wealthy men, utterly devoid of the slightest vestige of civic pride, said, "Oh, no! We are not going to have a public park side of our beautiful golf-links; we don't want Jews and Catholics leaving empty sardine boxes and cracker boxes there—not on your life!" And I want to say that up to this minute they are winning out. They apparently have more influence than the millions of people who would get the benefit of that park. They immediately got busy and went up to the legislature, and, while the bill was pending to make effective the fifteen million dollars bond issue, they inserted a little provision in it that no land shall be hereafter acquired for parks and park ways without the consent of the Land Board, which means the Treasurer, the State Engineer, the Attorney-General, and so on, who have no knowledge about it at all; and I say that advisedly. I have said that publicly; I said it to the 201 members of the legislature last Monday night, gathered in the Assembly Chamber in Albany. They know nothing at all about it. The Senate leader, at a moment when he wasn't thinking, let the cat out of the bag. Everybody predicted that this Land Board control was to conserve the six million dollars that we appropriated; but this senator let the cat out of the bag when he said that the landowners would act as a court of appeals to which aggrieved citizens might appeal when property is to be taken for a park. So that we are going to have a political control

over the parks through the landowners, rather than a public control through the public-spirited citizens who give largely from their private means to start any kind of a proper park program. Who are some of the men? Judge Clearwater, of Kingston, New York, the ablest constitutional lawyer in the State, thirty years a member of the International Park Commission; Mr. Bowman, chairman of the board of directors and president of the Westchester Bank; Robert E. Freeman, of Ithaca, who presented Enfield Falls to the State of New York as a gift from his wife; Senator Fanshaw, in the western part of the State, who paid \$50,000 out of his own pocket to start the Alleghany State Park for the people of his section of the State. These are the men who are on the Park Council. The Land Board are practical politicians and they want to be in control as a court of appeals, so that a man who does not want a parkway too close to his property can have somebody to whom to appeal. One man of very great wealth said to the engineers of the Park Commission, "How much of my land do you need?" They said, "One hundred feet." He said, "Take it; I wouldn't think of selling anything to the State of New York. Show me where you want it." Then the man across the way said, "If that is his attitude, take what you want." But we have the other type, the man who sits on the porch of his palatial mansion on Long Island and says, "That makes no difference to me. I don't want to even see them from the front porch of my house." Now that element in the community in New York is in possession of what I call a temporary victory, and that is the reason why I vetoed for the second time the so-called Thayer bill which seeks an appropriation of six million dollars, with absolute political control over it, so that the parks and parkways may be in the center of Long Island where nobody goes.

The same thing happened on Lake George. The State cut a roadway through a thousand feet from the shore of the lake, and immediately all the lake front property disappeared; and we have three or four people with a half dozen dogs living on fifty acres, and everybody stuck high and dry up at the head of the lake trying to get down to the islands that the State owns, which cannot be done without a boat.

That is the situation with regard to the parks in New York;

and I have said that I would stand on State street in Albany and see the Capitol crumble into dust before I would give way to those who are behind the element which is trying to stop the development of our park system.

The State of New York has a considerable holding of land, ideally located and ideally situated, out on a sand-bar on Long Island. How did it get that? By accident. In 1892, New York had a cholera scare. It was when Governor Flower was the Chief Executive, and he rushed down to Long Island and bought three or four miles of this shore property and put temporary hospitals on it for the cholera patients. After that scare died down and the cholera was stamped out, we found ourselves in possession of this land. We proposed a ferry service from this shore property, which lends itself wonderfully as a means of reaching Fire Island State Park; but that was objected to by the residents down there who want this place reserved for their select circle. One lady complained that if we should build a concrete road through the hills it would spoil the old English game of fox hunting, because the dogs would lose the scent of the fox when they ran over the concrete road. (Laughter.)

The people who are finding fault today with these parks had their counterpart when Central Park was started seventy-five years ago in the people of that day.

This is the story and the situation in regard to parks in the State of New York. (Applause.)

THE CHAIRMAN: Is there any further discussion in respect to this subject matter? I am sure that Governor Smith has his problems, and I am satisfied that each and every Governor present has his difficulties. I have mine. Selfishness is about the worst enemy to wholesome government. Is there any further discussion of the subject?

GOVERNOR TRINKLE: Major Welch, this National Park Association is composed of very high class men who are interested in this park work?

MAJOR WELCH: It is composed entirely of men and women who are park enthusiasts from all over the country.

GOVERNOR TRINKLE: And these experts would be very glad to assist and devise means of laying out park systems in the different localities?

MAJOR WELCH: Yes, and give them the benefit of all the systems of which they have any knowledge.

GOVERNOR TRINKLE: They have an annual meeting, I believe, each year?

MAJOR WELCH: Yes, sir.

THE CHAIRMAN: Is there any further reply to the question of the Governor of Iowa? In Oklahoma, we have a good deal of land available. It is our purpose now to acquire large tracts and numerous tracts in different sections of the State. Land can be bought there for two, three and five dollars an acre in the mountains—waste lands we would call them. Before it is acquired by private interests we purpose to take over as much of that land as we can for the benefit of the State, to be used for game preserves and recreation grounds, and we are only beginning that program there now. Is there any further discussion of the subject? If not, what is the pleasure of the Conference?

GOVERNOR TRINKLE: I would like to announce that tomorrow morning's session, which begins at ten o'clock, and at which session, as you know, Governor Ritchie of Maryland is to make a speech, is to be presided over by Governor Trumbull of Connecticut.

I would also like to announce to those who are inclined in that direction that immediately after the adjournment tonight there will be a dance in this room for the old and the young.

GOVERNOR BREWSTER: This notice has been given me in regard to the aviation program. Weather and other conditions permitting, flying of the naval aircraft will commence at nine o'clock in the morning from Thompson's Lake, about ten miles from this house. It will be continued so far as possible throughout the day. Members of the Conference, staff, and ladies desiring to fly should apply to Captain Adams for transportation to Thompson's Lake, and, on arrival there, will be accommodated in the order of application.

I would move that the chairman of the Conference appoint the auditing committee to go over the accounts of the treasurer.

The motion prevailed, and Governor Trinkle announced as such committee Governor Robinson of Delaware, Governor Whitfield of Mississippi and Governor Jackson of Indiana.

THE CHAIRMAN: The announcement of Governor Trinkle constitutes the appointment of the committee authorized. What is the pleasure of the Conference? Is there any further announcement?

GOVERNOR WHITFIELD: Mr. Chairman, I suggest that it might be well for the secretary to be instructed to express the sympathy of the Governors in conference to the city of Santa Barbara in the awful calamity which has befallen it, which the newspapers have given us an idea of.

SECRETARY HARDEE: While the Governor of California is not present, California is represented here by the president of the State Board of Education, Hon. E. P. Clarke.

MR. CLARKE: Mr. Chairman, I have no further information than that given in the newspapers. I did talk with the Associated Press representative this afternoon, and at that time the information regarding the earthquake at Santa Barbara was very meager; but the information I received is certainly most disheartening for there apparently has been not only very extensive property damage, but considerable loss of life. The last estimate he gave me was that sixty-five were dead.

THE CHAIRMAN: I am sure that the Governors—those of us who are assembled here—are keenly affected by the calamity, and I can see no objection to our expressing our sympathy. Those in favor will make it known by saying aye.

The motion prevailed.

MR. CLARKE: Mr. Chairman, in behalf of California, and as representing the Governor of the State, I certainly want to thank the Conference for its sympathetic and kindly action; and I wish to say further that your action seems to me highly appropriate because of the fact that the population in all of our California cities, as you know, is very cosmopolitan, and I am sure that there is represented in the city of Santa Barbara representatives of every State in the Union. I know that former residents of Maine, of New York, of Mississippi and of Wyoming, and other States whose Governors are here and join in sending this message, will greatly appreciate this message of interest and sympathy coming from this Conference.

It was in the spirit of faith and courage and enterprise that the Argonauts in 1849 crossed the continent and began to carve

out on the Pacific coast what was to be one of the great commonwealths of this Union; and it was the same spirit that made possible the city of San Francisco to rise from its ruins in so short a time after the earthquake and fire that desolated that city. I am sure that a like spirit will pervade the people of the city of Santa Barbara, and that that city will be rebuilt bigger and better than ever before.

Adjourned until ten o'clock tomorrow morning.

SECOND DAY'S PROCEEDINGS.

MORNING SESSION.

The meeting was called to order by Governor John H. Trumbull of Connecticut, Tuesday morning, June 30, 1925, at 10:45 a. m.

SECRETARY HARDEE: Gentlemen, let's take a vote of the Governors present and see what their disposition is. Governor Trinkle, the chairman of the Executive Committee, and our host, Governor Brewster, I understand, went over to see that the flying was properly done, and have been detained. I cannot get a line on just what time they will be back. It is now fifteen minutes to eleven. Our program for the morning is not very long, but with quite an important matter to be discussed by Governor Ritchie and Governor Hammill. I do not know whether we had better hold the meeting now or adjourn until afternoon and put all on this afternoon's program. I would like an expression of the Governors present on the subject.

GOVERNOR MCLEOD: This wonderful program with which we have been provided gives all the recreation that ought to be taken and the business of the Conference will have to be attended to. This is a very important address of Governor Ritchie's and he has a real message for us; and I think it is very unfortunate that flying machines and one thing and another should divert the attention of the Conference during its working hours. I would suggest, however, considering the small attendance we have here this morning, that the Conference be adjourned and take up the program this afternoon, all of it. I do not think it will be very long. That would only make four addresses.

GOVERNOR RITCHIE: I am perfectly willing to go ahead. My address will take about half an hour, and I would not like to prolong the afternoon session.

GOVERNOR MCLEOD: The general sentiment seems to be that we had better go ahead now.

SECRETARY HARDEE: Governor Trumbull has been selected by the Executive Committee to preside.

(Governor Trumbull in the chair): Members of the Conference, Ladies and Gentlemen: Through the courtesy of the chairman

of the Executive Committee, Governor Trinkle, I have the honor and pleasure this morning of presiding over your deliberations. This is the first Conference of this kind that I have attended, this being my first year as Governor; and I have listened through the various discussions with a great deal of interest.

I think that all of us occupying executive positions in our several States have substantially the same problems come up before us. We have listened to a very able discussion of the budget by Director Lord, whom I have heard before, but I always get some new information and experience from his talks. We have discussed the State budget and the State forests, and the various other matters that have come up have all been interesting and instructive.

I am especially delighted that the convention has been held here in Maine. It happens to be a State that I am very fond of, although I am not a native of it. I, however, spend my summers in Maine; and I wish at this time to compliment Governor Brewster on the very entertaining and delightful program that he has outlined for the guests.

I do not intend to make any speech or extended remarks; but I understand that Governor Ritchie, who will address you, and whom I have the pleasure of introducing, has a very interesting subject. I believe that according to the program we were to discuss Federal and State distribution of governmental powers. The Governor informs me, however, that his topic of discussion is going to be with reference to Federal aid. He did not give me any line on what he was going to talk about, but I know it is a very interesting subject—something that we are all very much interested in—and we will be no doubt enlightened to a great extent on this very important matter after we have listened to Governor Ritchie. Without any further ceremonies, I introduce to the audience Governor Ritchie of Maryland. (Applause.)

GOVERNOR RITCHIE: Mr. Chairman, Ladies and Gentlemen: I am really quite reconciled to this small gathering because I am going to talk about a subject which I am firmly interested in, and talk about it in a way, if I can, which to a greater or lesser degree will affect the States governed, with statistics as to the actual resources of the States. I do not mind at all having a small gathering, and making it rather more a confidential talk

than a speech. Perhaps I may get the benefit of some views in that way which might not be possible at a larger meeting.

I have prepared in pamphlet form, not what I am going to say, because what I am going to say will be more or less of a resume of it; and I have done that, not because of any material value which my remarks will have, but because I have prepared a number of statistical tables with regard to conditions in each of the States, and they are tables of a kind which have not been prepared before—the most of them at least—and none of them have been prepared in quite the form in which I have prepared them; so that, while what I may say may be of no importance, the information in these tables is very interesting to all of us as Governors. So, if you will let me distribute some of these pamphlets, I will explain the tables in a few moments.

The subject, as the Governor of Connecticut says, that I have selected is the Fifty-Fifty System of Federal Aid. It seems to me that that subject is about as vital to the whole country and to the Federal government as any that is before the people at this time.

There are a number of kinds of Federal aid. There is, of course, the Federal aid system which began with the Morrill Land Grant Act of 1862, for the endowment of agricultural and mechanical colleges. Annual payments have since been provided for the same purposes. These grants are comparatively free from conditions, and the States are not required to appropriate any money of their own as a condition to receiving the Federal funds.

There are a number of other kinds of Federal aid, consisting of the return of the proceeds, or a part thereof, from the sale of certain natural resources, such as forest reserves, oil wells on public lands and licenses for water power on public lands, which are located within those States, and they are also unconditional. Then there is another class, such as the National Guard, river and harbor bills, forest roads and trails, forest fire prevention, reclamation projects, which are unconditional, too.

The kind of Federal aid to which I want to confine myself, not because the others are not as interesting and not as important, but because this one subject is plenty large enough for the scope of one paper, is what I call the "fifty-fifty" system,

and that is Federal aid, of course, which the government extends on two conditions, the first condition being that the States match the Federal appropriations with State money, and the second condition being that the State, as a condition of receiving the money, submit to a certain amount of Federal supervision and Federal control over the purposes for which the money is expended, and over the expenditure of the money itself.

On the fourth page of this paper I have collected, at the top, the different objects of this kind of Federal aid. They are familiar, of course, to all of us, and embrace agriculture, road construction, vocational education, industrial rehabilitation, prevention and control of certain diseases, and maternity and infant hygiene; and the total amount which the government advances to the States under this system of Federal Aid is practically seventy-six millions of dollars. That seventy-six millions of dollars is distributed among the States in different proportions, and it is matched in the aggregate by State funds to the same amount.

Now I have next in this pamphlet attempted to collect in detail the arguments against this system of Federal aid and the arguments for it; and while they are more or less familiar to all of us, I might perhaps just briefly sketch out what those two series of arguments are, particularly the arguments for it; because, to my mind, they do not seem sound governmentally. Therefore I would like to consider a little more fully the arguments in favor rather than the arguments against it. I rather think the arguments against it pretty well speak for themselves.

Taking up the arguments against it:

First, the very name "Federal aid" is a misnomer. When we talk about aiding anyone, we imply a gratuity or a gift or a charity. As matter of fact, Federal aid is the repayment by the government to the States of money which the government first collected from the States in the form of taxation. The government has no money except what it collects from the people in taxes. Therefore, when the government aids the States by giving them Federal appropriations, it returns to the States money which it first collected from the people in Federal taxation. It does not return that money to the States in the proportion in which it got it from them, and it does not return all of

it to the States, because when that Federal money goes to Washington, there is there deducted large amounts of money for the maintenance of bureaus of the Federal government to administer the funds; and all that comes back to the States is what is left after that expenditure is made.

In the second place, the government only returns to the States the money which it first collected from their people under conditions, the first condition being the duplication by the States of the Federal appropriations, the second condition being to my mind the most serious and the most important, namely, that the States, for getting their money back, submit to a degree of Federal supervision and Federal control.

It would seem, from the top of page 4, that the purposes for which that money goes back to the States relate to agriculture, roads, education, rehabilitation, health, maternity and infant hygiene. Every one of those six subjects, as we all know, is a local matter, the control and supervision over which is reserved by the Constitution of the United States to the States themselves. The government could not possibly supervise or control roads, agriculture, education, rehabilitation, health, maternity or infant hygiene, directly without violating the very clear limitations of the Constitution; yet the government gets the right of supervision and of control over these subjects by exacting it as a condition from the States in return for their getting back the money of their own people. So that the government gets indirectly and by bargain and exchange a supervision and control over local affairs which it could not possibly get directly under the Constitution. To my mind, as a governmental proposition, that is a vicious thing in regard to the system.

May I say in passing that it seems to me that the whole system is unconstitutional. I do not see why it should not be the subject of injunction and the Federal government restrained—the Treasury officials—from paying Federal funds for the purposes which, under the Constitution, are left to the States themselves. The Constitution reserves to the States their local functions, and, if any other clause of the Constitution is valid, there is a remedy in the courts. If this particular clause of the Constitution is valid, there is no remedy. In the maternity cases, the Supreme Court held that there was not only a lack of juris-

diction, but said that this was a political rather than a judicial question. If there is any way to pass legislation which would confer on the Federal courts the power to test the validity of the entry by the government into a field which the States claim is reserved to them under the Constitution, it seems to me that legislation of that sort ought to pass in order to give the Supreme Court power to pass on this question, just as it has power to pass on every other question where a violation of the Constitution is alleged.

Other objections to the system, briefly, are, of course, that it creates a bureaucratic system in Washington, with all the expense, incompetency of administration and red tape connected therewith. It is interesting in this connection to note that in the last eleven years, since 1914, the personnel of the Federal bureaus has gained 25 per cent, and has grown five times faster than the population of the whole country.

The system, of course, tends to impair State initiative and incentive, because there could not be anything much more deadening to those State qualities than adherence to the cry of "Let Washington do it."

The system tends to draw State funds from local purposes which may be more important in the State than the purposes covered by the Federal appropriations, because, for some remarkable reason or other, when people get Federal money they seem to think they are getting something for nothing; and when they are told that they can get \$10,000 of Federal money if they will put up \$10,000 of State money, they seem to think they are getting something for half price and that it is really a gift.

Federal aid is not returned to the States in the proportion in which the States contribute to the Federal revenues, so that the wealthier States carry the burden. The wealthier States have got to keep on doing that as long as the system continues, because, if they do not, their people will be taxed just the same and not get anything back. It is much better from their point of view, if they are going to be taxed anyhow, to get back a little something for themselves.

Coming to the arguments for the system, which I want to state as clearly as I can because it is a fact, as I say, that they all seem to be perfectly unworthy and perfectly unsound. This

will only take a moment or two. In the first place, there are a group of States which get back from the Federal Government either more or just about as much as they pay in total Federal taxes. There is a larger group of States which get back from the Federal Government either just as much or more than they pay the Federal Government in total income taxes. So we start off with a nucleus of a half dozen States which do not want to give up Federal aid. They get back in Federal aid as much or more than they give the government in Federal taxes; so you have got that group of States to reckon with in any plan or argument against the system.

Secondly, a large number of the States, principally the Mountain States of the West, but to some degree the Southern States where there is a large negro population, claim that they actually need Federal aid; that they need a subsidy; that they need the government to help them. They say, with truth, that they have large expanses of territory in those Western States, with relatively small capital wealth, relatively small income per capita taxation, relatively small population; that they cannot themselves finance their own roads, their own schools, their own health, their own agriculture. They contend that they are entitled to help from the Federal government on the ground that, after all, this is one country, and that the prosperity of each part of the country depends on the prosperity of all the other parts.

Next, a number of the Western States particularly claim that when they get Federal aid from the government, it involves a kind of "evening-up" process for what the more prosperous industrial East has received under a tariff which generally favors manufacture, and under Rivers and Harbors bills.

Then, finally, the States of the West make another point. They say that in a great many of those Western States there are large areas of public domain—forest reserves which the United States government owns; that the Federal government does not pay any taxes on that public domain, and that, therefore, it does not do its share as a land-owner in the country. If that public domain was owned privately, the private owner would pay taxes; but, as it is owned by the government, the government does not pay taxes. Yet, they say, when we build our roads, locate our schools, enhance the value of our agriculture, that enhances the

value of the public domain of the Federal government, and that it is not fair for the Federal government to benefit by that increased value unless it pays the taxes which the ordinary private land-owner would have to pay when his property is increased in value.

The figures on that are really quite interesting. For instance, in the State of Wyoming I find that the ratio of exempt property, practically all of which is Federal domain, to taxable property is 24 per cent; in Idaho, the ratio of exempt to taxable property is 44 per cent; in Nevada it is 65 per cent; in New Mexico it is 28 per cent; in Utah it is 21 per cent. These figures are not in tables; I got them afterwards.

So, as a matter of fact, this is a serious question in the States just referred to, and I would think that were an argument except for the fact that it is offset by receipts of Federal aid which I am not, in this paper at least, objecting to; because, under acts of Congress, from the gross revenue realized from the sale of timber from forest reserves, there goes back to each State in which those reserves are located twenty-five per cent of the gross revenue. So with regard to building forest trails and forest roads through these great forest areas which would be otherwise impenetrable, the government makes large, flat appropriations. I do not think there is any doubt whatever that these appropriations which Congress makes to these public domain States, in the shape of giving them flat money to build roads and trails through them, and in the shape of a return to them of twenty-five per cent of the proceeds of sale of timber from forest reserves, amount to very much more than those States would get from taxation were those public domains privately owned. Therefore, excluding that, I think it is fair to say as to the other arguments in favor of the system, the arguments that some States get back more than they pay and therefore want it, and that some States need it and it is fair that the wealthier States carry them—that all these arguments in the main are opportunistic or geographic; they rest not on principle but on expediency. Certain States, for practical reasons of their own, want to keep on getting Federal aid. They make a profit from it, or it returns them all or a large part of the Federal taxes they pay, or they claim they need it, or that

they get the short end on something else and hence are entitled to the long end on this.

Now I know, of course, that practical considerations of this kind are hard to meet, particularly in the case of a system which has been in existence for eleven years, and has entrenched itself behind the influence of a powerful bureaucracy which does not want to give it up. This is the hardest thing in the world to fight. Those who are opposed to the system will tell us of a helpless feeling. They say, "What is the use! There is a block of States out West and a block of States down South, which, for one reason and another, think they want it or claim that they want it, and those Western Congressmen and Southern Congressmen are going to override the votes of the Congressmen opposed to it. What is the use of 'bucking up' against that sort of thing!"

It is to that argument that I want principally to address myself this morning. Nevertheless, it is apparent that these arguments in favor of continuing the system do not attempt to meet the objections to it based on governmental consideration. They do not meet and do not attempt to meet the position that, in this country at least, good government requires the States to handle and solve these local problems themselves. If a State knows that this is going to be its obligation, that it has got to work out its local problems for itself, that no outside help is coming, then the State's own initiative will assert itself, and no outside help will be needed. Ultimately, I think, the problems will be solved by the State, and solved in a much better way because of the fact that the State did it itself.

Now if you will let me in two principal respects, I want to analyze the actual conditions with regard to Federal aid, State by State. What the States get from the Federal government they get in the shape of Federal aid. What they pay to the Federal government they pay in the shape of Federal taxes, and the pool out of which the Federal government pays Federal aid is simply a part of the general revenues of the country.

Now if I might trouble you to turn to page 17, I will say here that there are a number of tables which I am not going to use at all, and which I only print because they do contain some interesting information; but they are too long and too detailed for me to discuss this morning—more than a couple of tables.

In table No. 1, first column, I have put down the income taxes paid in each State; in the second column, Federal aid received; and in the third column I have computed the percentage of income tax payments returned to the States as Federal aid. You will see that Nevada gets back more than any other State; it gets back over 216 per cent. They are all arranged in the order of their percentages as the table runs down. New York gets back less than 1 per cent. of the income taxes paid.

In table No. 2, on the next page, I have compared the Federal aid returned, not with the income taxes paid, but with the total Federal tax payments, and have arranged the States in the same way in the order of their percentages. There, again, Nevada heads the list, with slightly over 116 per cent. returned, and New York brings up the rear again with slightly over one-half of one per cent. returned.

Now it seems to me that the fairest basis of comparison is to compare Federal aid returned, not with total Federal taxes paid but with total income taxes paid, which is shown on table No. 1. I think that because internal revenue taxes largely make up the difference between income taxes and the total Federal taxes. Income taxes are quite largely sectional, such, for instance, as the tobacco taxes in certain Southern States and the automobile taxes in certain Western States. Income taxes, however, do furnish a basis which is uniform and comparable among the States.

Therefore, for discussion, I will mention only one or two points. I have made my comparison between income taxes paid and Federal aid received. Now when you look at table No. 1 you will find a most remarkable fact. The State of Nevada gets back more than twice as much Federal aid as is paid in total income taxes. For every single dollar which the people of Nevada pay in income taxes, the State gets back \$2.08 in Federal aid. New York brings up the rear. She pays more income taxes than any other State—pays in fact 30 per cent of all the income taxes. She gets back more Federal aid than any other State, but a less percentage than any other State; so that New York's contribution to the Federal aid pool enures to the direct benefit of every one of the other forty-seven States.

The next thing we notice from that table of particular interest

is that four States of the country get back in Federal aid more than they pay in income taxes—Nevada, New Mexico, North Dakota and South Dakota.

No matter how much you want to justify Federal subsidies, it would seem that you cannot possibly justify the degree of Federal subsidy which gives back to a State in Federal subsidies more than the total which it pays to the government in income taxation.

You will find, running further down the line, that a few States get back practically as much as they pay. Idaho and Arizona get back over 90 per cent. Two more States, Wyoming and Montana, get back about three-fourths as much as they pay; Mississippi practically one-half; Utah and Arkansas about 30 per cent; Alabama, South Carolina and Nebraska in the neighborhood of 25 to 30 per cent.

It seems to me, as I say, that no matter how much you might think Federal subsidies beneficial to the States which claim that they need them, you cannot possibly justify the Federal government paying to the State practically as much, and sometimes more than the State pays in Federal taxation.

Now, thirdly and lastly on this table, there are eighteen States which get back less than 10 per cent of what they pay in income taxes. That begins with Washington, which gets 9.77 per cent, and runs on down to New York, which gets back .85 per cent. Those eighteen States, namely, Washington, Delaware, Indiana, Wisconsin, Maine, West Virginia, Missouri, Ohio, Maryland, California, Michigan, Connecticut, Rhode Island, Illinois, Pennsylvania, New Jersey, Massachusetts and New York, each get back less than 10 per cent of what they pay in total income taxes.

Now, then, that is all for the moment on that situation. The remaining thirty States get back, of course, more than 10 per cent. In only round numbers, and using figures as little as I can—I have not Governor Smith's practical way of presenting figures, and I certainly have not General Lord's memory for figures—I have these figures and the computations worked out in detail here; but, of course, in these remarks I will not go into these details. What I want to do is to make a little study of what Federal aid means to those eighteen States, all of which

get back less than 10 per cent, and the most of which get back less than 4 per cent.

The total Federal taxes paid by all the States amount to \$2,761,950,099. Of that amount these eighteen States pay \$2,240,000,000, which is over 81 per cent of the total. Now, then, the Federal aid pool, as I have shown, amounts to \$76,000,000, and that \$76,000,000 is simply taken from the general revenues of the treasury; so that the proportion which each State contributes to the Federal aid pool of \$76,000,000 is the same proportion that it contributes to the total Federal revenues of the country. These eighteen States, therefore, which pay 81 per cent of the total Federal taxes of the country, also pay 81 per cent of the Federal aid pool of \$76,000,000. Just see what that means! It means that of the \$76,000,000 Federal pool which is used for distribution among the States in Federal aid, these eighteen States pay \$62,000,000. These eighteen States get back \$33,000,000 of the \$62,000,000 which they pay, which means a net loss to those eighteen States, directly due to the "fifty-fifty" Federal aid system, of \$29,000,000 a year.

The other thirty States contribute \$14,000,000 to the \$76,000,000 Federal aid pool, and get back \$43,000,000, so that \$29,000,000 is a direct gain to them under the "fifty-fifty" Federal aid system. It costs eighteen States \$29,000,000, and profits thirty States \$29,000,000. Putting it a little differently, in order to give the other thirty States \$43,000,000 for their local purposes, these eighteen States, which get back less than 10 per cent pay \$62,000,000, from which they get back \$33,000,000, showing a net loss to them of \$29,000,000. Thirty States pay \$14,000,000 into the pool and get back \$43,000,000, showing a net gain to them of \$29,000,000.

In the face of these figures, it is manifestly utterly absurd to say that any one of those eighteen States is in any need of help from the Federal government or anybody else. Yet they do not rebel at the unfairness of the system to them. Uncomplainingly, for the most part, their representatives in Congress continue voting to keep this burden on the shoulders of their already overtaxed home people.

The remarkable thing about it is that the extent of this burden is so perfectly clear; because, if you wiped out the Federal aid

system altogether—this “fifty-fifty” system—it would mean, of course, that these eighteen States would have to raise, by taxing their own people, the \$33,000,000 which they now get from the Federal government. Presumably the money is all needed in the States; and, if the Federal government ceases to pay it, then, of course, those eighteen States which get back \$33,000,000 in the Federal aid pool, would have to raise it themselves; but they would not have to have their own people raise an additional \$29,000,000, no part of which comes back to them, but all of which goes to the other thirty States for the local purposes of those other States. Clearly these eighteen States would be better off, not only governmentally but financially, if there were no “fifty-fifty” system of Federal aid at all. They would be exactly \$29,000,000 a year better off, and the Federal budget would be reduced practically the \$76,000,000, which is the amount of the pool.

Now these figures, as it happens, have not been shown publicly before. I am wondering when the people back home in these eighteen States realize the truth, whether they are going to continue to allow their representatives in Congress to go on burdening them, for the benefit of other States, with this load of \$29,000,000, or whether they are going to demand that the load be taken off their shoulders.

There is one other aspect of the matter I would like to discuss briefly, and that is in relation to the needs of the States for Federal aid. Federal aid is apportioned in a good many ways. In the case of agriculture, there is first a flat appropriation and then the money apportioned on the basis of rural population. For the highways, it is apportioned in three ways, on the basis of population, of area and of road mileage. For vocational education it is apportioned in three ways, on the basis of rural, urban and total population. For industrial rehabilitation it is apportioned on the basis of population. For maternity aid, there is a flat appropriation, and then it is on the basis of population. For diseases which it is sought to control, the aid has been practically discontinued, but the basis is population.

There is one basis which has never been the subject of apportionment so far as I know, and that is the basis of how much the State needs help from the Federal government. Personally, I

do not think there is any governmental excuse for any of it. I do not think it is justified at all; but if there is anything which could possibly justify it, it could only be the actual necessity of the State to get help from the outside on the theory that it cannot support itself and take care of itself from within. On that basis I have prepared a number of tables, one of which I will discuss for a very few minutes. The others, if you will permit me, I would like to explain to you just briefly, because they contain statistics which have not been presented in this form before. Beginning on page 19, "Table No. 3, Density of Population." In the first column is the population of the State, second column, the land area, square miles, under the 1920 census, which, of course, is the last. Those two elements have given me the population per square mile in the State. Then I have taken 1.00 as the average of population for the whole United States—you will see that in the middle of the table in rather heavy type after the words "United States"—and then I have computed the average of each State's population and compared it with the average of the whole United States. The result is shown in Column 4. From that you will see that Nevada has the smallest population, which is only 2 per cent of the average, and then they are all arranged in their order until you come down to Rhode Island at the bottom, which has practically 16 per cent as much as the average population of the whole country.

In the next column I have repeated again the percentages of income tax payments returned to States as Federal aid. I have simply put it all there for the purpose of comparison.

In table No. 4 I have done the same thing with taxable wealth of the States, and have recorded each State in the order of its percentage as compared with the average for the whole country. Mississippi is at the top with 42-100 per cent of the taxable wealth of the average of the country, per capita, and Nevada is at the bottom, with 2.05 per cent of the taxable wealth per capita.

Then table No. 5 (I won't stop to discuss these tables), the average of the States with regard to their net personal and corporate income.

In table No. 6 I have done the same thing as to the taxable

wealth per square mile; table No. 7, net personal and corporate income per square mile.

In each table, as I say, the last column is a repetition of the percentage of income tax payments returned to States as Federal aid. This last has nothing to do with the table; but I thought when you found the average of your State, you might want to see how much Federal aid you got back.

Then Tables 8, 9, 10 and 11 are summaries, Table 8 being a summary with regard to density of population, per capita taxable wealth and per capita net income; Table 10, summary with regard to taxable wealth per square mile and net income per square mile, and Table 11, summary with regard to density of population, taxable wealth per square mile and per capita net income.

The only table I want to comment on now is table No. 11. The other tables contain information which is not available anywhere else in this order. After saying a few words about table No. 11, I am through.

What I am trying to find out is the needs of the States for Federal aid, how much the individual States need help from the outside. The degree to which the States can support or carry themselves within themselves without aid from the outside depends, of course, on the amount of revenue within that State which is available for governmental purposes. This revenue in turn depends chiefly on two factors. First, the amount of taxable wealth which it has got, and, secondly, the amount of net income which it has got. If you have got a picture of the taxable wealth of the State measured up with a picture of the taxable net income of the State, you have got a pretty fair idea of the ability of that State to support itself. Those two factors ought, however, to be checked with one other factor—population. As a general rule, population denotes wealth. The more people, the more taxable wealth and the more taxable incomes. Of course, that does not always, by any means, follow. It does not necessarily follow, because sometimes you may have a State with a large population, but it may be a poor population, such as the colored populations in some of the Southern States. If than an asset. Nevertheless, as a general rule I think it holds

good that the greater the population, the better able the State is to carry itself without outside help. For that reason, in table No. 11, which to me is very interesting, I have combined in the case of each State the density of population, taxable wealth per square mile, per capita net income, on the theory that if you study your State and find out what its population is, what its taxable wealth is, and what its per capita net income is, you have got a pretty clear picture as to whether that State can carry itself, or whether it needs some outside or governmental help to enable it to be carried on.

Now from table No. 11 we find, looking at the average for the United States, which is in the middle in bold type, that twenty-nine States are below the average for the whole country, population, wealth and net income. New Mexico has the lowest, with 16-100 of the average, running down to Kentucky, which is 99-100 of the average. Those twenty-nine States are all below the average for the whole country in those three matters. Then beginning with Virginia and winding up with Rhode Island, there are nineteen States which are above the average of the country in these three factors.

I think two things strike one at once. The first is that a State which in density of population, taxable wealth per square mile and per capita net income is above the average of the whole country cannot possibly claim to need a dollar of Federal help. If a State averages higher than the average for the whole United States in population, wealth and net incomes, that State cannot be said to need outside aid. I believe that the assumption goes further than that, and that even if a State is below the average for the whole country in taxable wealth, population and net income, it certainly does not follow by any means that some other States, or the Nation, have got to help it. Take the case of the individual. If an individual's net income is above the average of the whole community in taxable income, certainly he does not need help; and just because his income is something less than the average of the whole community, it does not follow that he is an object of charity. It has to be considerably less; and I think the same thing may be assumed to be true in regard to the States. The fact that a State's resources are below the average of the country, does not mean that the other States have got to

help it. Now just how much below the average a State would have to be before there would be a basis for claiming help from outside sources is, of course, an open question, and admits of differences of opinion. But I have made an assumption which I think is about correct, and that is that any fair and impartial critic, I think, would agree that a State which exceeds two-thirds of the average for the country in population, taxable wealth and net income not only does not need, but would not be justified in claiming Federal aid. I think, myself, that States exceeding one-half could not claim it, but I have worked it out on a basis of two-thirds. Taking that basis, and again looking at Table 11, you will find that the States which are below two-thirds of the average in population, taxable wealth and net income, begin with New Mexico and end with Oklahoma, which is .61 of the average. Kansas, with .68, is just above two-thirds of the average; so that the States from Kansas down to Rhode Island are above two-thirds of the average of the country in population, wealth and net income. When you look at those thirty-one States which are above two-thirds of the average, I only see three States about which I would think there was any doubt about their ability to support themselves. Others, of course, as I say, might think differently. To my mind, the only three States of those thirty-one, beginning with Kansas, above two-thirds of the average of the country and about which there is any doubt, would be Alabama, Georgia and South Carolina. The reason that they are above the two-thirds is because of their large population, which, being largely colored, is rather a liability than an asset, so that there might be some question—to my mind, I mean—with regard to those three States. I will not attempt, however, to analyze those three States, as could be done, nor take the time to discuss exceptional local conditions. My purpose is not to establish a hard and fast rule which might throw only two or three States out of the forty-eight on one side or the other of a line which cannot be perfectly drawn. I am simply trying to get a rule which will apply to the great majority of the States and under which we will all agree that the great majority of the States do not need Federal aid.

Taking this two-thirds rule, therefore, and assuming for the moment that States which in population, physical wealth and

net income are above two-thirds of the average for the whole country cannot claim any Federal aid, let us look for a moment at those thirty-one States which are above two-thirds of the average. Those thirty-one States pay 95 per cent of all the Federal taxes of the country. They pay 95 per cent into the Federal revenues of the country. The contribution, therefore of these thirty-nine States which are above two-thirds of the average of the country in taxable resources, is in round numbers \$72,000,000 of the \$76,000,000. Those thirty-one States which pay \$72,000,000 into the Federal aid pool, get back \$52,000,000 out of that pool; so that Federal aid costs those thirty-one States exactly \$20,000,000 a year. The remaining seventeen States, which in their resources are below two-thirds of the average, beginning with New Mexico and running down to Oklahoma, pay \$3,797,000 into the Federal pool, and get back \$23,000,000; so that Federal aid means to them a gain of \$20,000,000. Thirty-one States lost \$20,000,000 by it; seventeen States gain \$20,000,000 by it. In other words, in those thirty-one States the people are taxed at the rate of \$20,000,000, from which vast sum not one of them receives a dollar of benefit, because the whole of it is paid over to the seventeen other States, which spend it on their own local purposes.

Now, again, if the "fifty-fifty" system of Federal aid were abolished altogether, then those thirty-one States which are above the average in governmental resources would have to raise within themselves the \$52,000,000 which they now receive from the government as Federal aid, but which they would not get any longer; but while they would have to raise that \$52,000,000 within their own boundaries, their people would not be taxed for another and additional \$20,000,000, which does not benefit them at all because it is paid over to the seventeen other States of the country for the local purposes of those other States.

I cannot help but think that it is nothing less than a travesty on the American system of government to ask or expect or to permit the Federal government, under the claim that a State needs its help, to give the State actually more than the people of the State pay in Federal taxes, or nearly as much or anywhere near as much. If that is going to be done, all idea of State initiative and accomplishment might as well be abandoned.

The thirty-one States of the country which are above two-thirds of the average, and which pay \$20,000,000 into the seventeen other States for their local purposes, have 62 out of 96 senators and 361 out of 435 representatives in Congress, much more than a majority in both houses. When the people of these thirty-one States realize the facts, are they going to permit their representatives to continue voting \$20,000,000 of their money for the clear and, in most cases, inordinate profit of the seventeen other States, or are they going to demand that this load be taken off their already overburdened shoulders?

Now I have discussed the same question on the assumption that the States which stand above one-half of the average of the country in population, wealth and income cannot be said to need any Federal aid. I will not take the time to give the conclusions, other than that there are thirty-seven States which are above 50 per cent of the average of the whole country in population, wealth and net income, and that those States contribute \$13,000,000 to the other eleven States over and above what they get back.

In conclusion, let me repeat that what has been said with respect to the needs of the States for Federal aid has not been said with any idea of justifying it in the case of those States which do not come up to the suggested standards. I do not think that any of the States need it or ought to get it.

My purpose has simply been to demonstrate, as clearly as I could, first, that in the case of the great majority of the States there is no basis at all for any claim that help from the government or help from any outside source is needed, because they are thoroughly able to finance their own local affairs; and, secondly, that the result of the system to this majority of the States is to tax their people to the extent of millions of dollars for the sole benefit of the people in other parts of the country.

I have already undertaken to show how unsound, as a governmental proposition, the whole system is—how its necessary result is to undermine the most essential principles of the American government. Is it not now equally clear that from a nationwide point of view, considering the interests of by far the greater number of the States and the vast majority of the people, it is uneconomic and financially unsound also?

The country has no right to adopt a policy of this kind for the benefit of a few of the States and a few of the people at the expense of the many. If it continues, the people of the few States which profit never will learn the lessons of local self-government. Why should they, so long as a Federal government, utilizing other people's money, continues to pay their bills?

How much better it would be not to rest content with barring the extension of the system to added purposes, but to wipe it out altogether, and leave the people of the States which now seem to profit by it to solve their local needs through the exercise of that spirit of American initiative and grit and determination which has not yet failed when put to the test, which will not fail now, and without which local self-government cannot endure.

I appreciate your attention for I know how hard it is to present figures in an interesting way. My only excuse is, as I have said, that the figures which I have given as to the needs of the States for Federal aid, and as to the millions of dollars which it costs, have not been presented before. The tables, at least, will be interesting. While I apologize for not having presented these figures in a more attractive way, I will say that that would be difficult to do. I thank you very much. (Applause.)

THE CHAIRMAN: Governor Ritchie, I think we are all very much interested in the explanation you have made of this Federal aid situation. I might say, for my own State, that we have instructed our representatives and senators to watch for some other solution of this problem. Connecticut, being one of the States of small area, is a large contributor to some of the other States.

I might say that on a visit to Washington during the winter I had the pleasure of sitting in the Senate when this matter came up. I do not recall for the moment who the senator was, but this subject was under discussion at that time, and he made this remark on the subject of Federal aid, that he thought it was no more than right that the Eastern States should contribute to the upbuilding of the Western States; that Easterners go out there and enjoy the natural resources of the Western States, and they should contribute.

The contributing States, some of them, are very heavily

assessed. Connecticut, as I said, being a small State, contributes a large amount per capita. I would like to ask Governor Ritchie if he knows what it costs to administer this fund through the bureau in Washington?

GOVERNOR RITCHIE: That is in addition to the \$76,000,000. The \$76,000,000 simply represents the money which comes back to the State.

CHAIRMAN TRUMBULL: Gentlemen, this subject is open for discussion; but I imagine we are contributing quite a bit to office folk down in Washington to distribute this fund.

GOVERNOR RITCHIE: Just one other matter which I hesitate about. The States above that standard ought to help those below that standard until they can get up to the standard.

GOVERNOR ROSS of Wyoming: Of course, coming from a Rocky Mountain State with a small population, I am looking at it from the viewpoint of our State. Really, we have a very good argument for Federal aid, and I think that Governor Ritchie has stated the point very clearly. We have a very small population, as you will notice from this table, and we have a vast area of land. We have unlimited natural resources—you know some of the things we have—we have unlimited coal fields and vast resources of different kinds. How our State could ever develop without this Federal aid, I scarcely know, because our own financial resources are so limited; and yet it is absolutely necessary that we have highways to make these natural resources accessible. The people in the East who are now paying these heavy income taxes are also participating in the development of our State. It seems to me from the point of view of the government that it is a very good investment to help out the Western States in their development. Governor Ritchie has said that it is clearly unjustifiable for the government to give too much assistance, but I am not sure that this assistance is not in the nature of an investment, and a good one at that. It certainly is vital to this whole nation that the vast wealth of the West be developed. Developing that strengthens the Nation as a whole. At the same time I can see the point of view of the Easterners, who feel that they are assessed much more than they receive.

GOVERNOR RITCHIE: I hope I made clear, Mr. Chairman, that the only subject of this paper is that kind of Federal aid which

the State duplicates. It is not within the scope of this paper to interfere with irrigating projects or with Federal appropriations that are made for that and kindred matters.

GOVERNOR WHITFIELD: Mr. Chairman, I do not think this thing ought to go by default. I think these figures are very illuminating, and I think we are under great obligations to Governor Ritchie for the preparation of these tables, which I believe will furnish much valuable information to Congress, as well as to others interested in co-operation with the national government in regard to State work. Therefore it is with some trepidation that I dissent from the conclusions which he has drawn.

Having been reared in the extreme South, and now representing the State that probably held to the doctrine of State rights more rigidly than any other State in the Union, I appreciate fully that the great principles of State rights should not be infringed. I think the true doctrine should be that whatever can best be administered by the national government should be so administered, and whatever can best be discharged by the States should likewise be taken care of by them. However, as the country gets older, population becomes more dense, and life, because of transportation and commercial activities, becoming more and more advanced and complex, more power will gradually have to be given the national government.

I do not consider that co-operation with the government by a State is making a mendicant out of the State. Originally, the highways were largely a State problem; but since we have had the automobile and freight truck, the need for great national highways is evident; and I believe that the government should largely furnish the money for these national highways. The same thing holds good in cases of crop pests and diseases in animals. These pests and diseases know no State lines and are interstate in their nature; and the government should co-operate with the States in all such work.

In reply to Governor Ritchie in regard to the justice or fairness of a block of eighteen States receiving so small a benefit, and at the same time paying so large a share of those expenses, I will say that these States enjoy this congested wealth because of certain political and economic conditions that have existed;

that much of the wealth that makes it possible for those States to pay high income taxes has been derived from the production of the States not included in the block of eighteen. In other words, if those eighteen States were surrounded by walls, and there could be no business communication with the remainder of the Union, those eighteen States would soon be reduced to a condition where they would be unable to pay the large income taxes which they now pay to the national government. The test should always be what is best for the people. Whenever the national government can exercise the power of government for the prosperity and happiness of the people of the State to a degree which will not be realized through State exercise of State power, then the government should have the power so to do. On the other hand, whenever it is best for the development of the people to exercise their initiative, or in any other way that enures to their benefit, then that power should be retained to the States. The Constitution can from time to time be so amended as to permit these changes.

GOVERNOR RITCHIE: Mr. Chairman, I presume that I should reply to my friend, the Governor of Mississippi, but I frankly do not know how to reply to one who feels that the government of this country has reached a point where State lines ought to be obliterated. This would mean entering into a long political discussion. I quite agree that our country ought to be the fairest and most just government in the world; I think it is. But I think it became so by clinging to the ideals of government under which we have prospered for more than a century.

GOVERNOR WHITFIELD: I hope the Governor understood me to say that I want to preserve those things that belong there.

GOVERNOR RITCHIE: I understood you to say that you wanted to obliterate State lines.

GOVERNOR ROSS: I think we do not want State lines obliterated. You are dependent on us for food—our beef and our sheep—and it seems to me that it is for the advantage of all to have the West developed.

GOVERNOR TRINKLE: Mr. Chairman, I happen to come from a State where we put in more than we get out; but this thought has occurred to me: In my State, I would say that seventy-five per cent of the counties get more out of the State treasury than

they pay into it, particularly along educational lines; but it is universally admitted that education is a department which belongs to the State as a whole. A poor boy and a poor county ought to have education just as much as a rich boy and a rich county in order to develop our manhood and increase the strength of our nation. Have you ever thought of this? Where is the distinction between educating children and building roads for the common benefit of all the people?

GOVERNOR RITCHIE: I don't know whether I quite get you.

GOVERNOR TRINKLE: It is the policy of all the States to divide their educational funds on a basis that does not take into consideration how much a county pays into the State treasury. Now why does not the same principle apply as it does to the building of roads for the common benefit of all? What is the distinction?

GOVERNOR RITCHIE: You mean to compare the State policy of financing education within its limits with the national policy of road-building throughout the country?

GOVERNOR TRINKLE: Yes.

GOVERNOR RITCHIE: It does not seem to me that they are comparable, for this reason. I think that the obligation is on the State to educate its people, although the educational bill be one hundred million dollars a year, and I think the obligation is on the State to build its roads. Now just how each State shall adjust that obligation within its own borders is a matter of State policy. Therefore I do not think that you can compare a State policy for the distribution of expenses among counties to a national policy of distribution of expenses among the States. In other words, I do not think the relations of the counties to the State is in the slightest way comparable.

GOVERNOR TRINKLE: Transportation is absolutely essential, taken from the wide viewpoint of the nation. If that is true in interstate commerce, why isn't it true in the building of highways in this country?

GOVERNOR WHITFIELD: Under the Constitution, the government can take over the highways?

GOVERNOR RITCHIE: That is constitutional, of course.

GOVERNOR HAMMILL: Mr. Chairman, replying to the Governor of Virginia on the relationship in the matter of education as

distinguished from a road-building program: Of course we have a constitutional provision that guarantees the States the right to control the matter of education within the particular State and, as I understand, Federal aid beyond that, and that is the very suggestion brought out by Governor Ritchie, whether a political or a legal question. Our courts have held, I think, that it was a political question—rather a matter for legislation along that line as to the giving of these particular funds, as distinguished from a court decision. In that respect I just want to emphasize that particular distinguishing feature between the two that in the matter of education we have the constitutional provision giving the right to the State to determine the question. True, as Governor Ritchie has pointed out, originally we had the contribution in the matter of the land grants for agricultural purposes and for carrying on certain work in that connection, in which we have complied with the "fifty-fifty" proposition, and the same thing has gone on and additional aid has been granted to various States in connection with their activities.

It seems to me that where a State is actually in need of help that that is the kind of help in many cases that ought to be given, as distinguished from your "fifty-fifty" proposition.

I agree with the Governor of Virginia on this feature that in your matter of transportation, which is becoming an interstate question as distinguished from county to county, or from city to city, there can be more said in justification of Federal aid in the improvement of continental highways across the United States than on any other proposition in connection therewith. But there is this in connection with your "fifty-fifty" proposition: A State is called upon to make a contribution to the "fifty-fifty," or Federal aid, proposition, whether it accepts it or not. So it does what? It compels a State, whether it desires to accept it or not, to accept it. It seems to me in the matter of Federal aid to highways that we ought to take into consideration the importance of the highways, the importance of transportation, the importance of the right of the people to bring their produce into the sections concerned, and that it ought to be a matter of Federal aid assistance as distinguished from the "fifty-fifty" proposition.

I believe the Government is going too far in the matter of general Federal aid for this reason—that it is seeking to apply it to a multiplicity of public matters. Every dollar comes from the taxpayer for the government has no money except as it collects it from the Federal taxpayers. Let us keep that fundamental fact in mind. It seems to me that the better plan, the better policy, and the stability of the whole system, is dependent on the balance of relationship between the State and the Nation. I cannot agree with the Governor of Mississippi that all lines or distinctions should be obliterated between the State and the Federal government. We talk about our situation! I still believe, in spite of what may be said, that we have the best government that ever has been devised by man. It seems to me that the fundamental principles underlying the government have stood for generations, and that we ought not get too far away from those fundamental principles guaranteeing to us the things that we really enjoy. I think we ought to keep those fundamental facts in mind in regard to these matters.

Here is a weakness that applies to the State and applies to the Federal government. We are getting too much complex government. The government is seeking to do things in a way that ought to be done by the State; just the same as the State is seeking to do many things that ought to be done in the home, and as your schools are likewise seeking to do many things that ought to be done in the home. We are drifting in that direction both in State affairs and in national affairs. We ought to come to a realization of where we are in these matters, and it does seem to me that we are going too far in the matter of general Federal aid; that we ought to distinguish between the things that are national in their character and the things that apply particularly to the State. And it does seem to me that that application of the principle of "fifty-fifty" is going quite far. In some cases it stimulates expenditure in order to get Federal aid. It does seem to me that we need to give the matter mighty close study and be cautious as to how much further we shall go in stimulating State activity under the guise of Federal aid.

GOVERNOR WHITFIELD: Mr. Chairman, I beg pardon for trespassing further, but I certainly must have expressed myself very

awkwardly for both Governor Ritchie and Governor Hammill to get the idea that I believe in obliterating State lines. I did not mean to say that. I meant this: That government exists for the good of the people, and the test is what is best for the people generally. My allusion to the blotting out of State lines referred to the fact that the political system which we have as a business organization has blotted them out in that way; but I am talking about governmental functions now. I hold that our great system of national highways is a proper thing for governmental administration. It is a national concern.

I agree with the gentleman who has just spoken, the Governor of Iowa, that paternalism is not to be desired. I believe in independence and initiative and all that.

THE CHAIRMAN: Gentlemen, the time is getting along, and we still have one more speaker. I now have the pleasure of introducing to you the Governor of Iowa, Governor Hammill. (Applause.)

GOVERNOR HAMMILL: Ladies and Gentlemen: It seems to me that we have already taken up and discussed the matter, and it would be useless for me to talk longer on this particular subject. I am not going to do that, but am going to discuss it from one other angle, just briefly and in general terms, because I do not care to go into it further. I think the Federal aid feature has been very well covered by Governor Ritchie. While we may not agree with him in some of the things he has presented, I think it a mighty able presentation of the subject matter and one worthy of a great deal of study and attention; because it does seem to me that there is a great question, as I said a few moments ago, as to how far we are going in this respect, and to what extent the State is going to participate, and to what extent the Federal government is going to participate, in the activities of the nation. I must confess that I am old-fashioned enough to believe that the safety of the republic still depends on carrying out the idea that we are going to retain the very fundamental principles of government, not unmindful of the fact that we are living under changed conditions. Many problems of the day have become national that in the past have been State problems. I feel that we must meet every one of

them but we must make an intelligent distinction between those which are in truth and fact national and those which are in truth and in fact State.

Now there has been a great deal of agitation as to the enforcement of a law, the relationship which the State should take and the position which the national government should take upon this proposition. This has resulted in what is known as the Eighteenth Amendment. I remember distinctly that Governor Hardee said, in the conference at West Baden, when he spoke of that situation in the discussion of the problem and the obligations of the State and Nation in that respect, that, regardless of what we may feel or think about the matter personally, the harder the Nation will try. I think that has been demonstrated, and it has occurred to me that there is an obligation in this respect in so far as the State is concerned and in so far as the Nation is concerned. Take it out in the Middle West—in Iowa, for instance—we had the prohibition law before we had the Constitutional amendment known as the Eighteenth Amendment; so our people were somewhat accustomed to the matter of the enforcement of the law from the State standpoint. I know that in other States, where you had the saloons and where there was no enforcement of the law, the problem has been somewhat different; but I feel this way about it: that regardless of our individual notions, it is the fundamental law of the land, that it ought to be obeyed and respected in all parts of the country, and that every State ought to co-operate with the national government in the enforcement of this law, and that every State should have the co-operation of the national government, as well, in its enforcement—the same as in any other law. If this notion is going to fail, it is because of the fact that we have a tendency to a growing disrespect for law. We must all bear in mind that reverence for authority is really the basis of real manhood; and if there is anything that is undermining this government of ours today, it is the tendency that we have in many cases to go out and seek to violate this law or that law. It is not a question of whether we respect a particular law or not. It seems to me that it is our plain and positive duty to see to it that all laws are enforced if we are going to retain real stability of government; and in this connection we ought to

have the co-operation of the Federal government with the State government. There ought to be co-ordination between the two in the accomplishment of results along these lines.

As I have already said, I have a good deal of faith in government by the people. I believe, regardless of what some may say, that the American people are sound and that we are going to be able to go on and solve all of the problems that confront us as we come to them. I know there are a lot of people who say that we have become pleasure-mad, that we have become a restless people. People are criticizing our public schools today by saying that they are teaching our boys and girls to be consumers and not producers, teaching them too much with regard to social rights and not enough as to responsibility. I am not an alarmist; I have confidence in the stability, character and patriotism of the American people. I believe that we are doing fine; that our people are going along in the paths of honor and morality and are going to be able to solve these problems, whether they are State problems or Federal problems; and that with the changing conditions we are going to have harmony between the States and the Nation. It seems to me that it ought to be the policy of all executives to seek to carry on and place their States in harmony with the Federal government, and that the Federal government ought to seek to place the matter of the general operation of the Federal government in harmony with the States; that there should be a cordial co-operation in the accomplishment of these results. I thank you. (Applause.)

GOVERNOR McMULLEN: Mr. Chairman, I believe that Governor Ritchie's presentation of this matter from an economic standpoint is as well as it can be done and is correct in every way; but there is a difference between this matter of Federal aid, as we call it—between the economic and the governmental sides. Every item where any assistance is given by the Federal government to the State is an item in which the government is directly and immediately interested. It is an item that each State could carry on, even the least of the States, without government aid. But it is something that the government asks. Ninety per cent of the money is given towards highways. Highways never have been, and are not now, State highways alone. The original idea was that we must have these highways for the transporting of

troops—Federal troops. They are being used in that way now to a great extent out in the Middle West, where we have Federal forts and so on. But another matter has now entered. We have the automobile now, with interstate transportation of merchandise, and so on, over these roads; so that the government wants these roads built connecting all the States into one highway—a Federal highway you might call it. Now in Nebraska we do not look upon this as Federal aid; we do not take that view of it. We can build our roads without this aid. We look upon it as the share coming to Nebraska for assisting to build something that the government wants. If, as the Governor of Mississippi said, you are going to put a wall around your State, we can build our highways and get around just as well; but you will be depriving Maryland of something that that State wants. Maryland wants to reach Nebraska and Nebraska wants to reach Maryland; so it is a Federal question.

The other items are very similar. The agricultural assistance that our States are giving in the West is assistance that the Federal government asks us to give. In Nebraska we made an extra appropriation last winter to enable the Federal government to secure statistics to better advantage than she had been securing them. The Federal government wanted it. We added an expense to our budget in order to meet the requirements of the Federal government.

The Morrell Act provides for a National Guard in our State universities—a Federal matter. We are training young men who will be of assistance in building up the military system of the Nation in order to defend our institutions, if we should ever want them defended; and nobody can tell when the next time will be. That is purely Federal.

The disease question is entirely Federal. You cannot confine it to a State and keep your information there. It belongs to the United States. The thing that has misled in this matter more than anything else is this reference to its being a matter of aid, or a "fifty-fifty" proposition. Whoever conceived that idea of a "fifty-fifty" split has done more harm than good.

In Nebraska, the only objection we have to Federal aid is that it may induce us to invest more in the building of roads than we should, and go deeper in expenditure along that line than

we ought, simply because we are getting help from the Federal government.

It does not seem right for Maryland to have to help Nebraska and we do not ask help because we have an expanse of territory there, because we have Federal lands in Nebraska. That is not the ground we ask it on at all. You are asking us for these things. You should, as a Nation, help in defraying the expenses for something you want. There is a difference there. It is a little hard to see it, but it cannot be treated entirely as a State matter. If we were simply going to use our roads in Nebraska, we would have a lot of nerve to ask the Nation to help us build them; but we are not. You are going to cross our State back and forth and we are going to cross yours. It is purely and fundamentally a Federal question. It is not a favor we are asking and it is not necessary to consider State lines being obliterated, as the Governor from Mississippi said—although I understand what he means. He means that we are all together on this; that there are State lines when it comes to a question of wanting each unit of government to do the best it can—to prosper the best way it can. Wyoming is not asking for help, or Nevada—whichever the smallest State is—from the Nation, as a State. The Nation is asking Nevada to do its part towards building up the Union. That is the difference. One is economic, the other is governmental policy.

Agriculture in Nebraska, or the Central States, is not asking help from the government, because the help the government is giving is infinitesimal. The statistics, and things of that kind, you want in Maryland and in other parts of the Union, just as much as we want them in Nebraska, and we want to work with you along that line. On the same line, we, out West, did not complain when you wanted to improve your harbors. That is a Federal matter. We are going to send some of our stuff down those rivers and we want them made navigable. We never dreamed that you were getting money from us that you should not get when you got Federal aid. You were doing something to enable the entire country to function in a commercial and industrial way. It would be interesting to show how much these smaller States have paid towards dredging and building up rivers and harbors, but that is not the question. We use them

and you use what we have. You want to know whether Nebraska is free from tuberculosis in cattle and the government wants to know that. The health of the Nation depends upon that. We will work upon that when you give us help enough. You do not want cattle and sheep from our State to enter any other State in the Union that are not healthy. You say, if you will work with us in this matter, we will give you a little help. Well, you can apply the term "help" in just the way you want to look at it.

GOVERNOR ROSS: Co-operation!

GOVERNOR McMULLEN: It is co-operation, Governor Ross. Your extension along agricultural lines does not concern agricultural States alone. It concerns all the States; it takes in many different items. I have just mentioned one because it appeals to the people. We want pure food. That is our view of it out there.

GOVERNOR TRINKLE: I have just received this telegram from our Chief Executive from his summer home in the State of Massachusetts: "Your kind message of the twenty-ninth has come to my desk. I wish to convey to the Conference my sincere thanks for this kind expression. (Signed) Calvin Coolidge."

GOVERNOR TRINKLE: I want to remind you gentlemen that we want Governor Jackson to preside over the Conference this afternoon. That begins at two-thirty. It would come with very poor grace from me at this time to give any exhortation that you Governors should be present at the appointed hour; but Mrs. Trinkle and myself decided this morning that we wanted to get a little nearer heaven than we had been before, so we took a hydroplane ride; and I want to advise all you Governors to go and do likewise. We had a wonderful experience; it is worth while. Take advantage of this opportunity that Governor Brewster has prepared for us.

This afternoon we are going to hear from Governor McLeod and Governor McMullen on problems that are really interesting, and I do hope that we can all be present promptly at two-thirty, and we will expect Governor Jackson to be here and take charge of the meeting at that time.

Adjourned until 2:30 p. m.

FOURTH SESSION.

The meeting was called to order at 2:30 p. m., Tuesday, June 30, by Governor Jackson of Indiana.

THE CHAIRMAN: I am very happy to have the opportunity of presiding at this period of our Conference. We have a subject for discussion this afternoon that I think is one of very great interest to us all—that of co-operative marketing.

During the last session of the legislature of Indiana, they passed a co-operative marketing bill, and we are passing through the experiment there with co-operative marketing under this new act. I had the pleasure last Sunday morning of meeting for the first time the gentleman who is to discuss this subject, and I have learned to think a great deal of him on account of his true-hearted comradeship and for what I think is his great abundance of common sense; and I am pleased to present to you our good Governor from South Carolina, Honorable Thomas G. McLeod. (Applause.)

GOVERNOR MCLEOD: Mr. Chairman, Governors, Ladies and Gentlemen: I recognize that this is an hour that is more or less inconvenient for all of us. I am accustomed, myself, to take a nap right after dinner; so if any of you wish to indulge in that, do not hesitate to do so.

GOVERNOR WHITFIELD: Your speech might help us to do so.

GOVERNOR MCLEOD (continuing): It might; my Hamiltonian friend suggests that it might. (Laughter.)

In discussing this question of co-operative marketing, if you will pardon just a personal allusion, I merely want you to know that I am personally familiar with the subject. I will say that I was a pioneer in my State in the organization of this in 1920, and I will admit that it was largely for selfish reasons. I was a farmer growing cotton, largely but not profitably, and I was first attracted to it from that standpoint. I am still largely so engaged and everything that I have in the world is invested in farming lands. In our country we are almost entirely dependent upon agricultural production, and throughout the United States it is largely the same, either directly or indirectly. So I want you to know that it is a problem whose solution is for the benefit of the people of the Union.

I think it is indicative of the consideration that is being given to the plan of co-operative marketing that it has been selected as one of the themes for discussion at this Conference. Every Governor here represents a State that has more or less agricultural interests. The larger number of the States here represented are dependent for their prosperity upon the products of the soil. This means, therefore, the problem of successful farming; and successful farming can only be attained by a reasonable amount of profit to the producer. We are all, therefore, vitally concerned in this problem, for it has to do with the maintenance of an industry basic to our very existence.

Co-operative marketing is something more than an effort to organize the producers of any given commodity. It is more than an effort even to realize profit to those who are tillers of the soil. It is something more than a protest against existing conditions or methods. In order that it may claim the attention of thoughtful people, as a movement worthy of perpetuation rather than a spasmodic expression of dissatisfaction with conditions, it must rest upon sound economic principles. If it is not justified by the philosophy of the times, if it does not rest upon sound basic economic principles, it is unnecessary, and therefore would fail. It is, therefore, to be considered in the light of a great economic problem, one of those methods looking to the maintenance of agriculture, and of the agriculturists, upon a sound business basis.

In approaching this subject we must do so thinking in the terms of the times in which we are living. We hear a great deal of comparison with the times before the war and of a desire to go back to former days. We must realize that the times have changed; that the great World War has changed the current. We cannot revert to the times before the war, and think either in the terms of prices or conditions which prevailed heretofore. Thoughtful men realize, and must realize, that the great World War not only changed the geography of Europe and the current of the world's history, but it likewise made imperative changes in every avenue of life and endeavor. All thoughtful students of political economy and government realized at the time that the world could never be the same after this great struggle as before. We are living in a period and time radically different.

All great business enterprises have realized this, and have organized and adapted their business methods to the changed conditions. If the farmer would succeed, or those interested in him would have him succeed, he too must think in the terms of these times, and not in the terms of the times existing before great economical changes were wrought by reason of the war.

There are other changes that have come to every form of agriculture, and likewise must be noted. The farmer of a quarter of a century ago, even, contended practically only with climatic conditions, and with the problem of labor. Today it is a continuous combat, and science and human ingenuity are taxed to the utmost to protect any kind of plant life from the various forms of insects that now destroy. In my country, formerly, the most ignorant negro could grow cotton and a certain amount of corn, dependent entirely upon the seasons. Today the fruit growers contend against the San Jose scale and other forms of destruction, the citrus fruit growers against the white fly, the corn grower against the beetle; wheat has its enemies, and the production of cotton is threatened by the most destructive of all insects, the boll-weevil.

Therefore those are conditions which have made necessary an extraordinary degree of attention in order that the business of farming may be profitable; for, if it is not profitable, then it necessarily means abandoned farms.

The appeal for a solution of the problem comes not only to the farmer, but must necessarily be heard, considered and accepted by his business associates and partners dependent upon his success, principally manufacturers and bankers. It is not an appeal to that protective form of legislation that would guarantee to the producer rights over and above his fellow citizen. It is the one great movement in which the farmer makes no appeal to Congress or the State legislatures for class legislation, asking only that he be protected in the exercise of his rights to organize and to conserve his interests the same as all other people engaged in business.

I have no appeal to make in favor of co-operative marketing to any man, farmer, merchant, banker or manufacturer who is satisfied with the present and former systems of marketing. May I illustrate? In my town, an agricultural town, our main crop

being cotton, I have seen in the days before the war a chain of wagons, loaded with cotton, a half mile long, all of that cotton to be dumped and sold on the market in one day, and the man in the middle, or the man at the end of the procession, didn't know what price he was going to get. He knew this: that his bank notes were due and that his cotton was going on the market at whatever the prevailing price was. What brought that about? Why, the man in the first wagon was a competitor of the man in the second wagon, the second with the third, and so on; and he knew that if he did not take the price, his competitor would take it. Therefore every farmer was there with that chain of wagons a half mile long, each one of them a competitor, to throw his product on the market, for the best price. No; for the very lowest price that by the very nature of things could there be obtained. Labor was in many instances abundant and cheap. His only problems, therefore, were finances and seasons. Even under these conditions very few producers ever obtained anything more than a mere living, and living conditions reflected the profits realized from farming in that day and time.

To anyone satisfied with these conditions there is no appeal, but to the man who loves the soil and wishes to rear his family with all the beneficial surroundings of country life, feeling, at the same time, that they are entitled not only to the necessities of life, but to education, to the best of social and religious environment, and even to some of the luxuries of life, to such an one present conditions offer no inducement for farm production. There must be some remedy, or something differentiating these times from the former days, that will justify a farmer in engaging in production at increased cost, increased danger and under uncertain conditions.

It is obvious, therefore, that we must have a different system of marketing than that which has heretofore prevailed. The objection to the old system is that there was no co-operation, no concert of action. Each farmer was the competitor of every other farmer, and therefore unable to fix a reasonable profit and demand it of the buying world. The purpose of co-operative marketing is elementary, the principle of which is by co-operation to speak, not through hundreds and thousands of different sellers in competition with each other, but with one voice, to

place a reasonable profit upon the product produced, and to ask it of the buyer. This he can do, and has done, when united with his brother farmers. They pool their interests in common, employ the best ability for management, for marketing, for information; they unite and supply in grades and in quantities, and offer to the buyer ready access, without the expense of the middleman, the product for manufacturing, consumption or export purposes. It is the same principle upon which life insurance was founded. It is the same principle upon which many of the great business enterprises of the world are conducted. The time has come when the keenest business intellect must be used and employed by the farmer in order to meet upon a plane of equality the highest degree of business talents and financial ability.

Now, gentlemen, there is another disadvantage that is sought to be overcome by co-operative marketing. What chance has the average farmer to compete with the great, organized farming interests of the world? What chance has he to know of the great quantities of production or to study the laws of supply and demand? He has to pit his little bit of ability against the trained, organized brain of the buyer. The cotton farmer cannot compete with the manufacturer. The manufacturer has his agencies.

Therefore, what does co-operative marketing do? It hires brains at the best obtainable price. It employs the man who knows the problem, who knows market conditions, who knows the world markets; and concentrating upon him, and placing under his charge and his trained direction their product, they are able to meet brain with brain, intellect with intellect, knowledge with knowledge, and, for the first time in the world, the farmer can compete upon an equal basis with those who buy his product. The times have made this absolutely necessary. The great buying interests are organized, and properly so. Nobody blames them for that. Their armor is impenetrable. The farmer must be equipped with the steel-tipped bullet that will penetrate it, and then they will be on an equal footing.

Organized into co-operative marketing associations, safely and sanely managed, just as farmers have successfully managed their banking operations, they are able to place the products of the soil under the most intelligent management and manipula-

tion, and in a united voice to speak to the business world in the terms of one demanding a legitimate profit on the brain, energy and labor expended in the production of the world's greatest necessities.

By way of illustration, the merchant places his goods upon the shelves and fixes the price he will ask for them. This price covers the initial cost, rent, insurance, labor, and in addition thereto, a reasonable profit, to which the merchant is certainly entitled. The same is true of every other vocation in life. The manufacturer makes the most careful calculation of the cost of his product, and adds thereto a profit. The farmer is merely asking the same privilege, demanding in the terms of co-operative organization that which he would uselessly ask in the terms of the individual. He has the right to include in the cost of production a reasonable interest upon his investment in agricultural supplies, his labor, and, in addition thereto, a profit which will bring him and his family the same rights and privileges, and even luxuries, that are enjoyed by the other peoples of the world in which he is living.

The merchant buys his goods and offers them for sale. You go into the store, the merchant prices you a pair of shoes, and you buy. What does it mean? It means he has put down the initial cost of the pair of shoes; that he added thereto his store rent, his clerk hire, his insurance, and, in addition to that, he has placed a reasonable profit to which he is entitled. That profit means that his family are to be supported; that they are to be educated. It means more than that; that they are to ride in automobiles, that they are to have some of the luxuries of life; and he is entitled to do all that. Co-operative marketing is the agency through which the farmer demands that he shall have the same privilege, and is it not a fair proposition?

I come from a land where cotton is the staple crop. The South has practically a monopoly on this great world necessity, and has been unable to realize a constant profit therefrom. Frequently, it is grown at a loss, until many think that the reign of King Cotton in the South has been one of ungenerous despotism. Can you imagine the Carnegie Steel interests running at a loss, or the Rockefeller oil interests, or Armour and Swift food products being manufactured and sold without profit? Yet the

Southern farmer controls a monopoly more monopolistic than any of the products mentioned, but has never succeeded in fixing a price upon the product, and has never succeeded in realizing a profit from the production thereof, except under extraordinary conditions. Why? The Rockefellers, the Carnegies and the great business interests of the world, speak in the terms of organization. The farmer speaks in the terms of disorganization, regulations and destructive competition. That is what it is hoped to avoid. Organization, therefore, is the remedy. Stock companies for this, perhaps, have failed, and will continue to fail, because the owner of the stock demands the dividend, and properly so. Nothing, therefore, can succeed except co-operation, as distinguished from corporation, organized in accord with, and under the protection of laws capable of being enforced.

Will it succeed? Co-operative marketing has now passed the experimental stage. The recognition given by this Conference evidences that fact. The President of the United States, and those co-operating with him, have recognized it as one of the movements capable of assisting the bringing of a greater degree of happiness and prosperity to those who follow the country's great basic industry of agriculture. It has succeeded in the various products brought under its control. It has had its backsets. Mistakes have been made in organization, but as rapidly as possible, out of experience, they have been corrected. I can speak from personal knowledge of cotton and tobacco. In both of those they have succeeded to a marked degree, not only in the direct returns to the seller, but in the enhancement of the general price. Tobacco, in 1922, with practically the same crop as in 1921 when unorganized, the price nearly doubled. One of the great evidences of the fact that it is succeeding is that it has the constant and continual antagonism of the greatest buying agency perhaps in the world, the Imperial Tobacco Company. They think much of me as the leather-lunged Governor of South Carolina, because I told the people, standing upon one of the old battlefields where Francis Marion once routed the British, that a foreign company in Great Britain had no more right to come into this country to destroy an American industry than had the British troops to invade the country in those early days,

and that in fact they were acting in the same spirit as their ancestors in '76.

Co-operative marketing is not, and it should never be held up as a panacea for farmers. It will not cure all the ills of the farmer. It will not destroy the law of supply and demand; it will not even suspend them. We know, however, that the laws of supply and demand are suspended, to the detriment of the producer, even though they cannot destroy them.

It is not a holding movement, and should never become one. It means orderly marketing. The crop is not rushed upon the market, nor is it long withheld therefrom. It is disposed of at the best obtainable prices throughout the year, as the demand and conditions justify. Orderly marketing in itself means better prices, in that it saves from the destructive tendencies of an over supply of a crop being placed upon the market in a comparatively short time, thereby exhausting the immediate demand and depreciating the price. The fault and failure of the old system was due, not only to disorderly marketing, but to an absolutely reckless system. Co-operative marketing contemplates the placing upon the market, in accordance with the laws of supply and demand, the product produced, the elimination of a vast amount of expense, and the natural accruing of profit to the producer by reason of that fact, as well as saving to the purchaser and consumer. By the operation of this system many of the middle agencies which are expensive luxuries, both to the producer and consumer, are removed.

Is it sound financially? It has been subjected to the scrutiny of the very best financiers in this country, especially bankers, who have investigated it as a financial proposition, and who approve and commend it. One of the most substantial bankers and thorough economists in my State, and who is likewise a large planter, declined to join in either tobacco or cotton co-operative marketing until after weeks of study and a thorough analysis of the system. The result of his observation was that the proposition was accepted by him as a farmer, and likewise as a banker. I have heard him state publicly that co-operative marketing was the best and safest collective agency that could be employed by bankers, and would be helpful rather than destructive to the banks and to business.

Then, my friends, there is another phase of this. If it is experimental, then investigate it; if it is sound financially, if it is sound as a marketing proposition, then why not encourage it? Do you realize the fact that just one-third of the people in this country are producting all that the other two-thirds eat and wear? Also do you realize that the farmer has upon his shoulders he biggest contract and receives the smallest return of any man who is engaged in business?

The time has come when the great financial interests of America, the manufacturers, the bankers, the financiers, the operators of productive industries, should give careful consideration to this great question. How long will the farmer, under the uncertainty and additional expense of destructive insect life, continue to wage war against the elements and these forms of destruction, for little or no profit? Unless there is a larger and more assured profit, he will not continue to do so long. He may be a fool a part of the time, but he is not forever going to remain one. There is not a loom or spindle throughout this country that should not be vitally concerned with the question of co-operative marketing, because their business depends on whether or not the Southern farmer can grow cotton at a profit. There is not a banker or manufacturing enterprise that should not consider this proposition, for the reason that a shortage of food products would ultimately be destructive to their profits, likewise. The millionaires of New York City, if the farmers were to go on strike, would be on their knees begging for bread that money could not buy. I just give this by way of illustration.

One phase of this proposition is to my mind of vital importance. The greatest possible loss that can come to our country is the depopulation of the rural communities. Even though others may take their place, we cannot replace the sturdy characteristics and equipment of our rural American citizenship. It is of inestimable value to the Nation to forever hold in contemplation the maintenance of a sturdy, intelligent, rural population, and too much cannot be said or done that will tend to bring about this much to be desired end. I do not doubt but what a large proportion of you came from the country. The most of you look like it, anyhow. (Laughter.) I take it for granted that you did. That is the place from which American

citizenship is recruited. There is something in God's outdoors that gives a man a breadth of thought, of liberality and of vision that he does not usually acquire in the restricted areas and the provincial surroundings of city life.

So, I say, every one of us in America ought to be vitally interested in that which shall keep the best of our people in the country; but in order to do that they are not going to be satisfied with a mere living. They must have educational advantages and they are reaching out for this in every State in this Union. They must have some of the luxuries of life. They must have some of those comforts, some of those modern inventions that make the life of the housewife easier than it was a generation ago.

Railroads go out of business, merchants go out of business, and unless the farmers of this country are assured a profit, they, too, will go out of business. I plead guilty to being sentimental. I do not see how anybody can study the history of America and not be sentimental. Here in this New England country, when I have thought of its great history, I am right proud of the fact that I have a part in it. You would hardly expect a South Carolinian to boast of it, but I do. My mother's father came from the grand old State of Connecticut; so, you see, I am a part of New England by blood. I am Jeffersonian still, Governor Whitingfield. So, I say, one cannot study our great history without being sentimental. I have found that our people are about the same. If you lived down South, you would think about as I do, and if I lived up North I would think about like you do. The great leadership and splendid character of the President of the United States have for a background the rugged environment of a New England farm, and the best that we have will continue to come therefrom.

I was in Atlanta the other day, and I wish I could remember the matchless inscription on the beautiful monument that I saw, the words of Henry W. Grady; but I can give you the sentiment rather than the exact expression of it. He was speaking of the farmer at his home, as he gathered his children around the hearthside, and as he lived that beautifully simple life so admirably expressed in Burns' "Cotter's Saturday Night." It closed with these words: "It is from homes like these the

men shall come who will save this Nation when the drum is silent and the barracks are exhausted."

So, my friends, as I say, I put a sentimental touch upon this great question, sound economically, sound in principle, and will close by saying that the time has come when the country must make it possible for our great rural population to have that prosperity which will tend to have them remain as farmers. (Applause.)

GOVERNOR BILLINGS: Mr. Chairman, Governor McLeod has so happily referred to the President, a native of our State, that I would like to be permitted to read a part of a telegram received from him yesterday. "Give my greetings to the Conference and my regrets at being absent. Calvin Coolidge." (Applause.)

CHAIRMAN JACKSON: Governor McLeod, I am sure that all present have enjoyed the splendid and learned presentation of this very interesting subject that has been assigned to you to discuss. All these subjects are open for discussion or to ask any questions any of you may desire. Anybody who has anything to contribute we will be glad to now hear from.

MR. CLARK of California: Mr. Chairman, we Californians are modest. You may be surprised at this statement; but I will waive the question of modesty. I feel that I am justified in saying that in this matter of co-operative marketing California has been one of the leaders among the States of the Union. The plan certainly is no longer an experiment in California. Take the matter of the marketing of citrus fruit. The California Fruit Growers Exchange was organized in 1893, and that organization today markets between 75 and 80 per cent of the citrus fruit of the State; and of the remaining 20 or 25 per cent, a large part of that is shipped by growers who have sufficiently large acreage so that they put out their own pack. Really, the old-time buyer and shipper of citrus fruit in California has become practically extinct. The Exchange has standardized the pack. It has stabilized the market, and by spending over a million dollars a year in advertising it has developed and extended the market and the demand for citrus fruit. The Exchange owns forests and mills where the boxes for marketing our citrus fruits are produced. That organization for the pres-

ent marketing year will distribute to the growers of California in the neighborhood of twenty-two million dollars.

GOVERNOR WHITFIELD: What other products besides citrus fruit?

MR. CLARKE: I was coming to that. The pace was set, the movement was inaugurated, by the citrus fruit growers, but it has been taken up by practically all the lines of production in the State; and today our raisins, our walnuts, our apricots, prunes, peaches, beans, alfalfa, onions, poultry, dates, are very largely marketed through co-operative organizations, and these organizations have been formed and carried to successful completion without any Federal or State aid. We are not asking George to do it, but are doing it ourselves; and all we ask in the future is to be let alone from interference by the Interstate Commerce Commission, or any other State or Federal agency, and be allowed to go forward, as we have in the past, with the successful marketing of our own products.

GOVERNOR WHITFIELD: What was your financial condition formerly?

MR. CLARKE: As compared with what it was before the co-operative movement started, it is fully 100 per cent better. Before the citrus marketing organization was formed it was the usual thing for a grower to get what we called "red ink"; that is, he not only received no money for the oranges or lemons or grapefruit that he sold, but he was billed for some marketing or freight charges. That was known as "red ink." I know of no cooperative marketing movement in California that has not been uniformly successful.

CHAIRMAN JACKSON: Has anyone else any further word to offer on this subjects? (No response.) Out in the State of Indiana, the farmers there in the years past have undertaken to make their expressions looking to the accomplishment of what they hoped they might be able to accomplish by the way of organization, and various organizations have been formed throughout the State such as the Farmers Alliance and the Grange. In some counties they were able to co-operate in a very profitable and successful way; in others it was not a success. They have been striving for some years to have a State

co-operative marketing bill passed by our legislature, and succeeded at the last session of the legislature in having a law passed.

I think it resolves itself quite largely into a proper business management. If they have the men who are interested in marketing the produce of the farmer, and they do that in a business way, there can be no question in my mind but what it can be aided by co-operation and co-operative effort on the part of the farming population of our various States.

Has anyone else any other question or any word to add by way of discussion? If not, we have a kindred subject to be discussed at this time, The Problems of Agriculture. This will be discussed by the Governor of Nebraska, the Honorable Adam McMullen. (Applause.)

GOVERNOR McMULLEN: Members of the Conference, Ladies and Gentlemen: That was a splendid presentation of the all-important subject of co-operative marketing just given us by Governor McLeod. It was interesting and instructive. Co-operative marketing is one of the methods universally relied upon to help solve some of the problems of agriculture.

One trouble with agriculture is that we take a provincial view of the industry. The potato grower of this State (Maine) is chiefly concerned with the growing and marketing of potatoes. He does not give very much thought, for example, to the growing and marketing of fruit in California. It is the same way with the cotton grower of the South. He is concerned with his enormous industry and is not particularly interested in the troubles of the wheat grower of the Western States, or the stock producer of the great Northwest. In other words, we on Main Street think that whatever is right or wrong there should be right or wrong on Broadway; while those on Broadway think that whatever is right or wrong on that thoroughfare should be satisfactory to everybody—provincial in our views, restricted in our viewpoint and outlook.

Therefore, when we keep in mind the fact that there are six million and a half independent producers identified with agriculture and then hope to create some plan whereby those millions may co-operate toward one end, we have some conception of the

difficult economic task that confronts the practical farmer. When farmers organize themselves into groups, such as bureaus, alliances, co-operative concerns, equity concerns, and granges, they are taking steps in the right direction; they are attempting to work together for one purpose, but it is only when all such organizations can co-ordinate their efforts and function as one large co-operative body that really effective results will be brought about. Such co-ordination is difficult and its consummation always seems in the distant future. At the present time agriculture needs group co-ordination more than it ever has in the past and possibly more than it ever will in the future. That is because with large acreage and with improved farm machinery there is constantly an over production of one or more crops or an excessive production of live stock, all tending to glut the domestic market and bear down agricultural prices.

One of the objects of co-operative marketing is to handle surplus crops and excess live stock products so that they may be placed on the market in an orderly way, because if they are not so placed it naturally follows that the surplus will designate the price that is to be received for the total supply. It is a well known fact that whenever we have a surplus of wheat, for example, and that surplus has to be sold abroad in competition with cheaper wheat production, whatever we receive for the surplus sold in other countries is the price we receive at home. How to handle the surplusage, therefore, is the farmers' main problem. Many measures have been introduced in Congress with the view of creating some sort of a system that will enable the farmer to receive home prices for the products he sells at home, even though he is obliged to take lower prices for his surplus products sold abroad.

INCREASE IN POPULATION.

With our population increasing at the rate of a million and a half per annum, the day is not far distant when the supply of farm products in this country will no more than equal the demand, and when that time comes the law of supply and demand will become operative and the problem of surplusage with its attendant price control will be eliminated.

GOVERNMENT AID.

Government aid in handling surplus crops and live stock products does not at first meet with general favor. It smacks too much of price manipulation. It seems to take from the hands of the farmer those business methods that only he should manage and places them in the care of the government. The farmers themselves have been very slow to see much of merit in governmental co-action. However, when we realize that the price levels of the products of industry are, in a measure, governed by legislation—the tariff—it would seem that agricultural products also could be included under some legislative system without in any way owing deference to artificial governmental support.

We raise in this country approximately eight hundred million bushels of wheat, and we consume in America approximately six hundred million bushels; that leaves two hundred million bushels to be sold abroad. If some plan could be inaugurated so that surplus two hundred million bushels could be sold wherever a market could be found for them and at whatever price could be obtained for them, independently of the six hundred million bushels consumed at home, the home quantity would bring American prices and if a loss had to be taken for the surplus sold abroad, it could be spread over the prices received for the amount consumed in America and the total would be a higher price than is now received when the home quantity can bring no higher price than that received for the surplus sold abroad. Furthermore, if some system could be devised to care for the surplus mentioned, the protective tariff would then become operative, and it is not in operation at the present time in connection with any crop that has a surplus, and would, therefore, protect farm products from being brought into direct competition with cheaper products of other countries. If the tariff is not a price fixing system, and I do not believe that it is, then any legislative system that would enable farm products to receive tariff protection should not be termed a price-fixing arrangement. Price making is un-American. It is economically dangerous but it is likewise economically unfair not to accord

to the products of one industry what has been accorded for nearly three quarters of a century to other industries. Such systems do not fix prices; they merely equalize them.

HIGH-PRICED FARM LAND.

It is often heard that the farmer would make a reasonable margin of profit on his products if he did not hold his lands at such high prices. That is to say, the farmer should not expect the same increase in price on his land that business and industrial properties attain. That, of course, is superficial reasoning. The farmer is entitled to an unearned increment on his land just as much as the railroad, the business block, or any other investment that increases in value through choice surroundings, or through favorable disposition. An acre of land, we will say, that was worth \$50.00 ten years ago should be worth more today, and the increased value should go into the capitalization of the owner of the land and he should be allowed to make this profit on that increased capital just as every other business does.

Statistics show that an industrious, hard-working farmer, who has tilled the soil for thirty years, leaves on an average an estate worth \$18,000. Think of it, a man who has applied himself diligently to one line of work for practically a generation, with the help of his wife and children, leaving an estate estimated at the fabulous amount of \$18,000! Is it any wonder that real money makers do not bother with the ownership of land? Is it any wonder that financiers seldom invest in land? They put their money in stocks and bonds and in business that is more apt to bring quick returns and more attractive profits. During the past six or eight years farmers in the Central West have been making not quite one and one-half per cent on a normal valuation of their land, exclusive of their living, and that has been estimated at \$365 a year. No one would think of disputing the assertion that farmers have not been making a reasonable margin of profit. They are not receiving a fair return for their labor; and of course if a farmer is not making a profit, if he is not able to lay by something for the inevitable rainy day, all others engaged in lines other than agricultural cannot hope to

experience reasonable gain and reasonable prosperity. Our Nation cannot go forward in the way it should, prospering in all its industrial elements, if the farmer is not going forward and prospering; and so any plan that will enable the farmer to produce more, market better, and increase his earning capacity will benefit all the people.

Naturally the condition of agriculture seems of vast importance to one from an agricultural State, and adversely, it may seem of minor importance to others who may be more intimately concerned with industrial commonwealths, but I think we will all agree that when the farmer is not progressing as he should all other lines are sure to slacken. The farmer, as a business man does not ask nor does he expect any favors or any legislative assistance not accorded other industries, but he does expect whatever is enjoyed by other lines of industry and considered as economical and sound.

CHAIRMAN JACKSON: Governor McMullen has given us a splendid talk, and we will be glad to hear from the rest of the farmers if they have anything to offer.

GOVERNOR BREWSTER: Mr. Chairman, I would like to ask a question. Governor McMullen said he did not believe in price fixing. I would like to ask him how he distinguishes that from the solution he has proposed in connection with the export bill —whether or not that does not necessarily involve governmental price fixing?

GOVERNOR McMULLEN: I thought at first, Governor, that it did, and for a long time I opposed any law of that kind; but I finally made up my mind that industry, through the protection it receives from the tariff, and through the prices it receives for its products sold in America, is thus able to absorb any loss it sustains on its surplus sold abroad. Now the farmer is so unorganized that he cannot do that. He is unable, working independently, to prevent his surplus crop from dominating the price he receives for his domestic crop; and so I believe there should be some system created that will help him care for the surplus. Then the tariff that covers industry will cover agriculture and the farmer will receive prices industry receives. Until the surplus is cared for the tariff is not operative. There is a tariff on everything the farmer produces, but the reason it does not oper-

ate is because if there is one extra bushel of wheat to sell abroad, say, for sixty cents, then sixty cents will be the market price at home.

GOVERNOR BREWSTER: You mean that the tariff is a form of price fixing?

GOVERNOR McMULLEN: No, I do not mean that the tariff is a form of price fixing. I think the tariff is a means whereby we maintain in this country a higher level of wages for the laborer, higher prices for the products of his labor, higher returns for our industrial investment. The farmer wants just that. He wants fair compensation for his labor. He wants to receive American prices for what he produces, and, if there is a surplus to be sold abroad, he will take the loss on that surplus just as industry does. The McNeary-Haugen bill is very complicated and I doubt whether it will work; but I am trying to give you an idea of what the practical farmer needs. You often hear of buying American beefsteak in London for half as much as you pay for it in New York, and the people wonder at that. It is because the packers sometimes take a loss on beef sold abroad, but it is such a small part of their total output that they can take such loss and still make a good margin of profit. It is business. If the farmer could handle himself in that way, he would not ask for help because he would be entitled to do it under the law.

GOVERNOR BREWSTER: I would like to ask Governor McLeod a question. I was very much interested in what he had to say, particularly that the country is at a disadvantage in comparison with the city—I am speaking now of the industrial elements—and that in ten or fifteen years, with the demand which will exist and with the organization proposed, the tables may be reversed and that you may have to face the situation where the city will be very much to the disadvantage of the country. I would like to ask Governor McLeod whether he has any suggestion of a way in which the predominant public interest will be taken care of in that situation.

GOVERNOR MCLEOD: There is one thing, and that is diversity of production and distribution of that diversity of production all over the entire country. I do not anticipate that the time will ever come when the necessities of the farmer will be at all

comparable to a trust. Should they become that way, legislation would be available as against the condition that you anticipate might happen.

GOVERNOR BREWSTER: It would be much more difficult to get that in the case of agriculture than in the case of a predatory corporation.

GOVERNOR McMULLEN: The people who are the hardest to sell co-operative marketing to are the farmers themselves. The very fact that the predatory interests are a small organization makes organization perfectly possible and practical; so I think we are up against the very elements of human nature.

GOVERNOR TRINKLE: The educational value of orderly marketing has been inestimable. Of course the great idea is the taking care of the surplus. It would not be necessary to organize thoroughly more than one-third of the producers practically of any given commodity. Co-operative marketing does not contemplate price fixing except in so far as orderly marketing complies with the law of supply and demand. It is anticipated also that in co-operative marketing there will be a dissemination of knowledge from a central point as to the amount of a given product that the world can consume; and any intelligent farmer who has that information would be a willful violator of the law of supply and demand if he did not act in accordance with that information.

GOVERNOR BREWSTER: What do you say, Governor McLeod, about the surplus abroad?

GOVERNOR MCLEOD: Co-operative marketing, I believe, would tend, not absolutely, but tend to solve the question of a surplus. I am not so very partial to a protective tariff for the reason that I have never been one of its beneficiaries. (Laughter.) But I will take this position: that if you have two classes of protective tariff, either directly or indirectly, for farm products, I want cotton included. (Laughter.) Co-operative marketing will tend to take care of the surplus in this way. If the farmers were thoroughly organized, and they had more of a given product than the world demands, that same organization of orderly marketing could retire the surplus.

GOVERNOR WHITFIELD: I would like to ask the Governor of Maine a question if he does not object. He seems well informed

in regard to agricultural conditions and very much interested. I would like to inquire if agriculture in Maine is relatively in as good condition as other forms of industry?

GOVERNOR BREWSTER: Maine has suffered tremendously this last year as the result of producing 40,000,000 bushels more potatoes than ever before in its history and getting \$40,000,000 less for the entire crop. That was an example of what happened in—

GOVERNOR WHITFIELD: You are making a speech now. I want to ask you the question, generally speaking, is agriculture prospering in Maine during the last ten years to the same degree as other forms of industry?

GOVERNOR BREWSTER: There can be no question about it.

GOVERNOR WHITFIELD: Do you think that is true in regard to the United States?

GOVERNOR BREWSTER: I think there is no question about it. I believe that co-operative marketing is the only solution of the problems of the farmer. I believe that, after all, that it is the public who finally pay the bill, and that we should try to work out some balance that shall prevent the pendulum ever swinging to the point that Governor McMullen has indicated it will swing in ten or fifteen years. I believe that we must before long give thought to that; although my sympathy for the farmer is such that I am not lying awake much nights about that at present:

GOVERNOR WHITFIELD: One only needs to go out one season on the farm and see the farming conditions; see how hard the work is and see so many of the boys leaving the farm because other vocations are more attractive. I do not think, if you ever dealt with farmers very much, that you need have any fear of what seems to be bothering you today. Get that out of your mind. I am sorry to see you suffer on account of such things.

GOVERNOR BREWSTER: I do think that the experience of our country for the last fifty years is that our economic and industrial life has been transformed. Meanwhile, everything that the farmer can get for the next ten or fifteen years, I think he is certainly entitled to. I am very strong for the co-operative marketing movement, and put in a bill this winter to give them more protection than they have heretofore had, and 60 per cent

of the Aroostook county potato industry is now organized in co-operative marketing.

GOVERNOR WHITFIELD: I would like to observe right here that, under the system we have had in America for the past forty or fifty years, I think everyone will agree that the best thought of the nation has all been in the interest of railroads, manufacturing and banking. The American system, which places a great wall around the country, means that we have got to do business on the inside. We cannot sell abroad. The result of that is that the fellow who is not organized, and who has no special laws in his favor, is the man who pays the bills. Now if the farmer has sold his timber, sold his coal and sold his iron, sold whatever he had—he is getting down to where he has none of these things to sell—I believe that within the next year or two he is going to get in condition where he cannot buy automobiles, where he cannot buy manufactured products, where he cannot use the railroads, and these things will have to stop; and when cities like Detroit cannot sell their automobiles over the country, then that labor that comes from all over the country will not receive work. They cannot pay the high rents, and I am afraid all forms of industry are going to be hurt.

I think this is the greatest question before the American public today; and I want to give notice right now that the greatest danger confronting this country is the unbalanced industrial condition, unless something is done in the next few years to relieve this situation.

GOVERNOR TRINKLE: Mr. Chairman, I have just received this telegram which I do not think is altogether intelligible to me:

"Chicago, Ill., June 30.

"Governor Trinkle,
Conference of Governors,
Poland Spring House.

American Cini Association invites the Governors to participate in a national conference on State capitols in Washington next April. State activities are increasing and it is hoped that a conference of State and city officials and civic leaders would promote development of State capitol cities entirely worthy of the great commonwealth of the Union.

HARLAN JAMES, Secretary."

GOVERNOR BREWSTER: I was about to ask if it would be possible to start the Conference tomorrow morning at nine o'clock, so that we may leave at ten-thirty?

EXECUTIVE CHAIRMAN TRINKLE: I was about to suggest that inasmuch as we have to stay in the house the rest of the afternoon, we might go ahead and take up the only subject we have left for discussion, and that is the matter of prison labor. If that is agreeable, I think it would be wise for us to finish our work this afternoon. Is that agreeable to the Conference?

Unanimous consent was given to proceed.

THE CHAIRMAN: I would suggest, before we enter into a discussion of the next subject, that we give the privilege of the floor for ten minutes to Mr. David C. Collier, Director General of the Sesqui-Centennial International Exposition, to be held at Philadelphia next year; and, if it is agreeable to the Conference, I will ask him to come forward.

MR. DAVID C. COLLIER: Mr. Chairman, Members of the Conference, Ladies and Gentlemen: I greatly appreciate this opportunity of having a few moments to tell you something of what we are doing in Philadelphia. I am not a Philadelphian. I had the pleasure of being responsible for the exposition at San Diego, California, and I represented the United States government as commissioner-general to the Brazilian Centennial Exposition in 1922; and in the latter part of January of this year it drafted me from my home in San Diego, California, to become Director-General of the Sesqui-Centennial International Exposition in Philadelphia, "sesqui" meaning one and one-half. We are celebrating 150 years of American independence, and are celebrating it with what will be the largest exposition ever held in the United States.

We have not had as much publicity as we might have had because the plans were chaotic until early in February, when they assumed definite form; and since that time the President of the United States has invited all of the countries of the world to participate at the exposition. Twenty-one foreign nations have sent their representatives to Philadelphia to investigate the site and report back to their home governments; and in each case the investigation and report have been favorable. We know

of three countries which have officially accepted the invitation, or have made appropriations, and we believe there will be twenty or thirty there.

The exposition is being held in South Philadelphia on what I believe to be the finest site that was even utilized for an exposition. It has the advantage of having perfectly adequate street car transportation, with something like twenty-five street car lines feeding into it in a north and south direction. It has the distinct advantage of having a railroad station on the grounds, so that all of the one-day excursions and all of the special trains will go right to the grounds, obviating the necessity of over-taxing the terminals of the city of Philadelphia. It has the distinct advantage of wharves already built, where ocean-going steamers and river steamers can tie up and discharge their cargoes of freight or their passengers. It has the decided advantage of having an aviation field already developed, with plans well under way for aviation lines carrying passengers to operate during the exposition period. It has the distinct advantage of having the land within the confines of the exposition for the parking of 50,000 automobiles.

I sat here today and listened to the discussion on the "fifty-fifty" system, and especially with reference to highways. My home is in California, and during this season there will be a million people come into California from without the borders of the State over the automobile highways and during the period of the exposition it is a very conservative estimate that ten millions of people will come to Philadelphia over the highways of the various States to see that exposition. To give you some idea of the attendance that can be expected, it is only necessary to go back and note the statistics of the St. Louis, Chicago, and San Francisco expositions and you will find that you can accurately determine the attendance at any exposition if you will ascertain the population within 150 miles. Chicago had within the 150 miles, 4,200,000, and 21,000,000 paid admissions. St. Louis had 3,200,000 and 13,000,000 paid admissions. San Francisco had 1,850,000 people, and ran nine months and a half as against six months, and had 13,000,000 paid admissions. Within 150 miles of Philadelphia are 20,000,000 of people; within 500 miles, 51,000,000; within 700 miles, 67,000,000 people; and if you will

take an average of the other three great exposition cities of the United States the computation will show 74,000,000 paid admissions. I prefer to be conservative, and want to go on record as saying that the paid admissions at that exposition will be 50,000,000, 13,000,000 more than ever attended any other exposition in the history of the world, the best record up to this time being Paris in 1900 with 37,000,000 paid admissions.

The city of Philadelphia, differing from other cities, already has the ground prepared in League Island Park for the exposition. This is one of the most beautiful parks with which I am familiar, and I know the parks of any size in every city of the United States. It has appropriated \$2,000,000 for building a stadium.

In Chicago, St. Louis and San Francisco, the expositions were compelled to expend very large amounts of money in developing streets and roadways. The city of Philadelphia has appropriated \$4,000,000 for the improvement of roads. The Transit Company will expend \$2,000,000 to increase its facilities. It will cost the Baltimore & Ohio, the Philadelphia & Reading and the Pennsylvania railroads approximately \$1,500,000 to get ready for that exposition. There has been appropriated by the city \$500,000, and the campaign is under way now for \$3,000,000. But above everything else, where this exposition differs from any other, is the fact that a dream of mine is coming true. I made the prediction fifteen years ago that San Francisco was the last great exposition that would ever be held in the world on the old stereotyped plan. In other words, San Francisco, Chicago and St. Louis spent millions of dollars of their money in the construction of expensive exhibit buildings where the commercial interests of the United States found free exhibit space for the purpose of advertising their wares. Since San Francisco, all over the United States of America, similar expositions have been held where they have paid from two dollars a square foot up to as high as eight dollars a square foot for the privilege of exhibiting for one week.

Some of you gentlemen from the South are aware of the fact that just recently the Southern Exposition was held in Grand Central Palace in New York, and that space in that exposition

commanded from two dollars up to, I think, five dollars per square foot.

I have developed the plan of selling exhibit space at five dollars per square foot, and utilizing that money to build the exposition buildings, and having out of the sale of that space a very large amount of money to develop the other features of the exposition; and already in excess of 1,200,000 feet have been reserved by the industries of the United States. A very conservative estimate is that there will be 3,000,000 feet occupied by industrial exhibits, which is 70 acres of land, or 20 acres more than was ever occupied by any other exposition in the history of the United States.

It may interest you to know that, by private enterprise, they are preparing to take care in automobile camps of 100,000 automobiles a day, and the automobile scouts who have been investigating conditions believe that that service is not going to be adequate for the automobiles that will come there.

We only have a short time in which to build this exposition. Unfortunately, when we finally got under way in February, most of the legislatures of the United States were drawing to a close. There were a few States, however, which had the foresight to participate by making appropriations, and those States are going to have an opportunity to build on the grounds of the exposition their buildings, with no charge whatever for the space, and to leave them there as a permanent advertisement in a permanent exposition in the city of Philadelphia, in the center of the largest population where an exposition was ever held in the history of the world.

There are six States, Iowa, Ohio, Delaware, New Jersey, Illinois and Pennsylvania, that have made appropriations, Pennsylvania having made the largest appropriation, \$750,000.

We have gone to Massachusetts for our landscape architect; we have gone to Iowa for our exposition planner. They went to California for their director-general and to New Jersey for their director of exhibits; and so from the four corners of the United States we are trying to make this the biggest thing of the kind that ever happened. We have sufficient time in which to do it because modern methods of construction are such that there will be no delay in the construction program, and no great

length of time need be occupied in preparing the ground, because the greater part of the ground is now ready for the erection of the buildings.

I shall be delighted to answer any questions that any of you may ask.

GOVERNOR HAMMILL: There will be forty-two States with no appropriation—probably no legislative session. How do you expect those States to participate in making that what it ought to be?

MR. COLLIER: Unfortunately, I am afraid that the majority of those States will miss this opportunity. There will be, however, thirteen States in session next January, and prompt action on their part will permit them to have a part in this exposition.

GOVERNOR HAMMILL: What has been the response?

MR. COLLIER: We have been unofficially advised of at least eight foreign countries that will participate, and we believe that we are certain of at least twenty-five, and possibly thirty, foreign countries taking part.

GOVERNOR HAMMILL: What has the national government appropriated?

MR. COLLIER: The national government has not yet made an appropriation, but we have assurances from leaders in Congress that that appropriation will be made in the month of December. The national government has authorized the invitation by the President of the United States to the foreign nations to participate; and never yet has Congress taken a step of that kind that they did not put themselves in the position of a host. Fortunately for the United States at this time, the Philadelphia Navy Yard, with all of its buildings—many of them constructed for war purposes and today not utilized—is an integral part of the exposition grounds, and will be so considered and treated; and the United States will have at the Philadelphia Exposition the most efficient and most up-to-date exhibit in that Navy Yard that was ever had at any exposition in the history of the world.

Have you any other questions? I will be delighted to answer them so that you may go on with your program.

The Congress of the United States has provided for an advisory council, consisting of two men from each State and Territory, to be appointed by the President of the United States.

In addition to that, when you gentlemen return to your homes, if you have not already received them, you will receive an invitation from the President of the Exposition, who is the Mayor of Philadelphia, to become members of the Council of Governors, of which Governor Pinchot of Pennsylvania will be the president.

Now you ask me about what the other States are doing. I am very sorry to say that in my State of California the legislature unanimously made an appropriation of \$100,000 for participation, and the Governor, being ill-advised as to the attitude of the Governor of Pennsylvania, vetoed that appropriation. They have, however, already raised in California something like \$300,000, according to the last advices, to be represented at the Philadelphia Exposition in a building to be known as the Pacific Building. The life insurance companies of the United States are going to build a building costing \$250,000, to be left there permanently. The National Red Cross has made an appropriation for a permanent building. I could go on almost ad infinitum as to the participation at the exposition and the form it will take.

GOVERNOR HAMMILL: Has the exposition movement the absolute and unqualified endorsement of the Governor of Pennsylvania at this time?

MR. COLLIER: At this time it has.

GOVERNOR HAMMILL: That has not been continuous?

MR. COLLIER: If I may be permitted to tell tales out of school, the exposition was made a football between the Philadelphia political organization and the Governor, the Philadelphia organization trying to use it as a club with which to hit the Governor; but they handed him the handle instead of the other end, and he used it as a club himself. I have his personal assurance that he is behind the exposition 100 per cent. Because of the fact of this row in Philadelphia, President Coolidge held up the invitations to foreign nations, and until those invitations were issued it was not an international exposition; and because that invitation had not been issued, the Secretary of State and the Secretary of Commerce, who formed the National Commission, would not be present at the ground-breaking; hence we had to call it off.

It has had a great many misfortunes, but it is off to a real good running start, and I sincerely trust that each of you may find time on your way home to stop off for one hour in Philadelphia and let me have an opportunity to show you the finest exposition site you ever saw in your life.

I thank you very much, and if there are no further questions, I will be glad to give way. (Applause.)

CHAIRMAN TRINKLE: I am sorry that so many of the Governors seem to be gone. The Executive Committee, in getting up this program, had some difficulty to know what subject could be discussed at this particular time that would be of serious interest to you. We all realize that one of the great problems that now confront us is the question of handling our prison labor. It seems that we can turn in no direction that we do not meet with opposition on the part of labor unions, and we have got to study how to handle this problem in a way that will bring the largest return. We have invited to come before the Conference this afternoon the executive secretary of the National Association of Prisons and Prison Labor, Mr. E. Stagg Whitin. I am going to ask him to come forward, if he will, and make us a brief talk along lines that will give us some practical help. (Applause.)

MR. WHITIN: Gentlemen, I came here as an expert to answer questions rather than to make a speech.

You will all remember that at West Baden Governor Trinkle, representing the State of Virginia, brought forward the idea that co-operation could be had among the States in the solution of this difficult problem of prison labor.

You are governors of States. Each Governor here is the head of a penal system which produces. You are therefore manufacturers; you are producers. Each one of you here is the head of a buying establishment; each one is buying commodities. We estimate that the forty-eight States and thirty-two cities, if they bought together, would buy \$700,000,000 worth of supplies and goods. We know that you produce, taking it all together, \$70,000,000 worth of goods. Today, certain of those goods are being thrown on the open market, whether we like it or not. Organized business, organized labor and the general forces of the community are bringing their pressure to bear upon prison

contractors who have been hiring some of this labor, and in a few years' time the prison contractor will withdraw and you will be at the head of your production system.

The suggestion in Governor Trinkle's paper two years ago was that we start to co-operate, start to build a co-operative system between the States whereby the surplus commodities, the surplus of what you cannot consume yourselves of what you produce, be passed along to the other States. That scheme was laid before you and I was asked to go out and find out what the sentiment was in the different States.

We have held zone conferences covering twenty-four different States. It started and some of you present appointed your delegates. We had a conference in Augusta, Georgia, where Southern States were represented. We had an Eastern conference, where the New England States joined together recently and named a committee to work on this subject.

As Governor McMullen said in his address on co-operative agriculture matters, it is a matter of business and careful business statistics and facts to build up a system of co-operative selling or co-operative production. That is what some of us are prepared to give you.

You will realize that, if you are going to produce goods in one State and sell them to the purchasing department of another State, the goods must be worth buying, and they must be what that other State wants to buy. So our first problem was to attempt to bring together the purchasing agents of the forty-eight States. Mr. Hoover, at the suggestion of the President, called a conference, to which you sent all your purchasing agents to Washington, and it was decided there that special specifications needed to be made, to be adopted by the several States, so that when the State of Virginia produced a commodity and was attempting to sell that commodity to the State of Nebraska, that commodity would be what the State of Nebraska wanted, because there was a uniformity of specifications. I have here from Mr. Hoover the first step in that direction—the National Directory of Modern Specifications, which will be published in the next few days by the Federal government as the result of that conference in Washington. It has been worked upon by a group of specialists, the best that could be drawn together.

They represented the National Association of Manufacturers, the United States Chamber of Commerce, the National Purchasing Agents' Association, the National State Purchasing Agents Association and the National Association of Testing Materials, the hotel people and others, besides the Association of Government Service, which was the organization I represented on that committee. It was the strongest group that could be gotten together for specifications. That is a story which the Federal government is placing at the disposal of the States under the guidance of the best minds in the country. Those specifications being adopted, we can start at the building up of your prison industries.

In the matter of production, many of our prison industries are not industries at all. Some of them have been run fairly well under contracts. We have got to get those industries on a basis, first, for the training of the prisoner; second, for the production of goods that can be used in your State and in the other States.

To get those great workshops in decent shape is a problem that a number of the States have been hiring experts to handle. I am sorry that Governor Smith has left for he intended to tell you what his expert engineer is doing in building up prison industries in New York State. He also invited—and asked me to mention it—the best expert to provide a wage system to pay adequate wages in New York State. Governor Pinchot has also extended his law so as to bring the State of Pennsylvania into this National Association of Exchange Commodities, and is making another rather radical, although I believe it a conservative step for the development of the production end of this business. He has got about sixteen different penal institutions, many of them pretty well run down, that need to be built up. He has got an adequate purchasing system; he has got a system of supervision, but in connection with actual jobs he needed advice. I suggested to him that the way to make the real development was to have a bidding committee, a committee on which he would ask to serve the most competent manufacturer in his line of work; that he ask also organized labor to send a representative trained in that line of work. I am glad to say that organized labor has already fixed on its representative, and the cham-

bers of commerce of Philadelphia and Pittsburgh are at present picking the manufacturers. Those two men are to sit down on the practical business production problems of those shops, and make sure that they are worked out both from the standpoint of the committee and the standpoint of the prisoner, to see that the right kind of commodities are produced and the raw material all of the right nature, and a definite price put on those goods which is a market price.

Secondly, the men working in those shops should be educated, paid wages and trained so that when they leave those shops they will have a guaranty of efficiency that will make it possible for them to get a job on the outside, instead of becoming riff-raff when they come out of prison.

Now, gentlemen, you have not got six million people to co-operate. We have got forty-eight States to co-operate which ought to be more simple than six million people, as suggested on the agricultural matter. But we need your co-operation. We have had the co-operation of twenty-four different States and the Middle West will soon hold a conference; and by the time we meet in conference next year, all the States will have gotten together, they will have discussed this program, they will have found out how much surplus they have got to sell, how poor or how good their goods are, and will have set up local committees like the committee here in New England, which will include all superintendents of these departments and the directors of eleemosynary and penal institutions, for the groups of States to consider how they can start on this program.

Finally, gentlemen, because I hope there is going to be a discussion, and questions asked, rather than further talk by me, what I have pictured is something that may seem rather a change—revolutionary. In this connection, I want to tell you just one story. In our conference in Salt Lake City, we drew in the representatives of nine States. They all sat around the table, and the representatives of organized labor in most of the States were about the table. We presented the program. Then a lean, lanky sort of a chap got up. He said, "Gentlemen, I am a representative of the State of Idaho. I represent the Governor and I also represent organized labor, and I want to tell you just where you get off." My heart went into my boots

and I didn't know what was going to happen. But he said, "Gentlemen, we have listened to what Governor Moore has said; we have listened to what Whitman has said, and it is all right; but I tell you we are not going along with the program unless you agree to one thing, and I want the manufacturers to agree with me. This one thing is this: That we begin at the simplest things first; that we employ the men who are unemployed; that we agree not to upset anything until we have demonstrated that we have developed a reasonably sound business proposition that will carry on the relationships between the States on an adequate business basis"; and that group of men broke out with applause. The representatives of the manufacturers association arose and said, "Naturally, we accept the program and commend the constructive statesmanship which it discloses, and we are interested in the source from which it came."

Therefore, gentlemen, all I am suggesting is that we co-operate by starting slowly. I have with me here charts of the situation in each one of your States. I believe that if each Governor will study the problem of his own State, and then use my combined chart, which shows the problems, for instance, of New England grouped together, in all the States, you will see the business program that is before you. Those are the business facts which must be presented. I am here at your service.

GOVERNOR TRINKLE: Mr. Chairman, just a word. The lack of interest that the Governors apparently take in this great question is rather peculiar. I do not know whether this is due to the fact that your particular States are not being interfered with much, or whether it is due to the fact that you really have not given serious thought to the handling of your prison labor and getting therefrom the returns that you ought to get.

. There is a bill going into the next Congress—it was in the last Congress, but is going to be very urgently pushed in the next—that will prevent any prison-made goods being shipped from one State to another except for State-use purposes. This absolutely wipes out the question of contract labor and it will wipe out many of the industries you are now engaged in in your prisons. If that is true, we have got to find some way to handle our products.

As illustrative of the difficulties that beset us, when I prepared the bill in Virginia for the last General Assembly, I took it for granted that we would be able to continue the business that we were in in our penitentiary and our reformatories. One morning I awoke to find that the dairymen around Richmond were objecting because at our State farms we had a few cows and were selling a couple of hundred gallons of milk a day to the City of Richmond out of a dairy consumption of 10,000 gallons; and we really had to fight to be allowed to keep at our State farms a dairy herd and sell a couple of hundred gallons of milk a day that were yielding to the State about \$2,500 a month to help support our criminal charges. I just cite that as an instance of what may happen and what may develop.

The other day there walked into my office a gentleman representing the furniture dealers of Virginia. We make furniture in Virginia in a very limited way. We only supply our schools and charitable institutions; and, under our law, the Governor can sell such surplus as he has in such way as he may see fit. That privilege, however, is rarely ever exercised. We had been selling to some twelve or fifteen churches, the most of them small, struggling churches that we thought we could help along to save a little money by buying our furniture. This is the plainer furniture; we do not make the finer kind. We sold last year from five to seven thousand dollars worth of furniture to churches. These dealers objected to our selling any furniture to the churches. I said "Why?" "Well," their representative said, "you can sell it about 40 per cent cheaper than it is possible for us to do, and as a consequence you are making us quote prices that prevent a reasonable profit." There was some force in his argument, and for the rest of the year we do not propose to handle any church furniture.

We have found in Virginia that we can make desks and chairs for our schools and save at least 40 per cent of the cost. Also we have a little printing plant. We were selling to the counties—to the clerks' offices—their stationery, when lo and behold, at the last General Assembly the printers appeared. They admitted that we were saving 50 per cent to the counties in their stationery, but they went before the General Assembly—they used some of the schemes that were suggested by Governor Smith

last night—some political log-rolling went on, and we were denied the privilege of furnishing to our clerks' offices and to the treasurers stationery, when it was admitted that we were saving them 50 per cent on its cost.

These are some of the difficulties that we have got to face, and there is only one way, it seems to me, in which the proposition can be solved, and that is, the question of one State selling to another. If Maine can make harnesses cheaper than any other State, or any other State within this territory, let Maine make harnesses in its penitentiary and sell them to Virginia for our State use. If New Jersey can make automobile tags, as it is doing now, let Pennsylvania or Virginia buy their automobile tags, as we did a year or two ago.

In other words, by co-operation through the purchasing agents of the various States, we can study out what the various States that are within reach of each other from a transportation stand-point can best make, and then leave that field to the State that can best and most economically handle that particular product, and let us buy from that State, and let that State buy from us, in turn, what we can best and cheapest make. That would not seem to conflict with the labor question. This is a matter of very great concern to which we ought to give serious consideration.

You gentlemen may think that because you are saving dollars for the State that you can get your general assemblies to pass any kind of laws that you may want relative to the handling of your prison labor; but, gentlemen, it cannot be done. It is one of the most difficult propositions that I have ever been up against in the three and one-half years I have been in the Governor's chair in Virginia. The only way is to develop a system that is going to allow us to use in an economical, safe, sane and wise way for our prison labor is for the Governors to say to their respective representatives who buy for the States, "You must give an opportunity to the penitentiaries in adjoining States to sell us their products, provided the prices are satisfactory."

This is going to meet up with considerable opposition in the next Congress, and therefore it is wise to try to work in unison in order that our prison labor may be properly handled.

GOVERNOR RITCHIE: There is quite a start on that line being made already, isn't there? I think we are selling automobile tags to Florida.

GOVERNOR TRINKLE: Yes, it is going on. It is now beginning to function, and that is the object of this meeting that Mr. Whitin has spoken to you about.

We have a man in Virginia who has made a great deal of study of this work, and I have allowed him to go around and get such information as he may. There is not the co-operation that there ought to be in this work.

GOVERNOR RITCHIE: I know that in Maryland we have a printing plant. We make automobile tags and we make a number of things for our State institutions. I suppose that the plan is only to dispose of the surplus to other States for State-use purposes.

GOVERNOR HAMMILL: Just a question. Aren't men who are engaged in industry that is in competition with this labor, and also perhaps the labor unions themselves, going to raise the question that you are in competition with these other activities?

GOVERNOR TRINKLE: So far, there has been no opposition, as I understand, on the part of the labor unions.

GOVERNOR HAMMILL: We are making furniture in Madison, Iowa, and we have a contract that is causing a lot of trouble, and that is a contract for making chairs. They are manufacturing a wonderful article of furniture. Now what is the difference whether we sell to the individual—in principle, you understand—or whether we sell to some other State?

GOVERNOR TRINKLE: The reason is that the public generally, the manufacturer and everyone else, are interested that labor should be employed in the prisons; and if we deal with States, we are saving money to the people generally; and that gives it a distinct characteristic that you do not have if you sell to the public generally. I will tell you wherein lies the difficulty in selling to the public. You are not going to sell much to the public. You may try to do it, but you are going to meet up with great difficulties, because these big manufacturing concerns are going to undersell you. But here is what you do. You establish a price for the commodity that does not deny to the legitimate dealer a reasonable profit; but you do not establish

that in dealing one State with another. That is where the great trouble comes. Strange as it may seem, the purchasing agents somehow are always inclined to buy from the private individual rather than from prison people.

GOVERNOR HAMMILL: But, Governor, that State would go into the market and buy from the industries if the State were not engaged in it, would it not?

GOVERNOR TRINKLE: It certainly would.

GOVERNOR HAMMILL: Of course I appreciate the fact that labor in the modern prison must be employed, not only in the interest of the prisoner himself, but also in the interest of the State. It is a very difficult problem to solve.

GOVERNOR TRINKLE: As suggested by Mr. Whitin, the problem is working out very satisfactorily. You have no complaints from the labor people, have you, Mr. Whitin?

MR. WHITIN: I might say that I have gone before the large manufacturing groups, as well as organized labor, in conference on that point, and they are all satisfied with State use. For many years they have advocated State use, and that is limiting it, as you had in mind, to your own State.

The situation in New York State is that they have a market for \$25,000,000 worth of goods; they buy that amount. Therefore its prisons cannot manufacture to meet that amount. Take little Rhode Island and a number of the smaller States. It is impossible to produce a plant that will manufacture any kind of goods on any economical basis to simply supply the need of the little State of Rhode Island; and it is the same with a good many other States—I think practically all of them. Therefore the need of this co-operation.

May I, Governor Trinkle, just say a word in connection with competition, which is Governor Hammill's question, and it is a very fair one? What is the difference between competition in putting the goods on the open market and competition in selling the goods to a government agent, a supply agent in another State? To sell on the open market in the lines of shoes and chairs at the present time means the breaking of that market and depressing the price of those goods; so that these business interests are already organized and working very hard on this problem. They are feeling it especially in Massachusetts and

in the New England territory. That competition is unfair. Now these manufacturing groups are willing that the State prisoners work; they know it is necessary. The result is, they are willing to give this small market. Why? Because the price of the goods, if sold in that way, does not break the market. That is the economical side of the situation as we have to work it out, and there is no breaking of the market under that scheme of procedure. That is the reason, gentlemen, why the manufacturing and laboring groups are together on Mr. Hoover's committee which has been working for the last three months on this problem, and which will bring in a report about the first of August which will be put in your hands. The Department of Commerce has been going over it with infinite care, and studying this puzzle and seeing how it works out.

GOVERNOR MARTIN of Florida: Governor Trinkle, isn't it possible for your State to make only such stuff as it would be necessary for you to buy to maintain your prisons and your dependents?

GOVERNOR TRINKLE: I must confess that our product is so far ahead of our consumption that we would soon have a surplus. You have to build your plants up on an economical basis. Now in the State of Massachusetts they make the county agencies buy the prison-made goods. A great many States have no law of that kind, and that means, strange as it may seem, that you will buy from the outsider before you will buy from the State and save 25 per cent, or more, profit. It is hard to believe, but if you gentlemen will follow it up you will find that to be the fact. These traveling men are shrewd and clever. They get hold of the people and they will place orders for practically the same goods at 25 to 40 per cent higher than we are selling them; and it seems to me that Massachusetts has gone a long way toward improving the situation by requiring the county and State agents to buy from the prison authorities whatever they may have to sell that meets their purposes. That would go a long way, Governor Martin, toward meeting the situation that you suggest; but you will find that a great percentage of the local officers will deliberately sign an order at a price much higher than they would have to pay their own State authorities.

GOVERNOR TRAPP of Oklahoma: Mr. Chairman and Gentlemen

of the Conference: I have attempted to content myself with listening to the discussion between the Governors of various States on this matter; but this is one of the problems that has given me great concern since I have been burdened with the responsibility of being Governor of the State of Oklahoma. This is a great economic problem. It is a matter in which each of us is interested. For myself, I cannot understand why we should build a palace to maintain our convicts—men who have conducted themselves in such manner as to require the law to segregate them in prisons, isolated from society—and then furnish them more to eat, better quarters and better upkeep than 90 per cent of them ever experienced in their lives before. That is what happens in my State; and so, recently, I have sent representatives of our State over the country, and they have examined into the situation and consulted prison officials in several of the States of the Union, and they have found about the same conditions prevailing throughout the country. None of the prisoners are earning their upkeep; none of them are self-sustaining, scarcely—at least that is the report I have received from the representatives that I have sent about. Minnesota received the most favorable report. All others seem to be lagging behind and the taxpayers are reaching into their pockets and furnishing the money to buy provisions for the maintenance of these institutions wherein it is necessary to keep men who cannot be trusted in society.

Now the question of whether or not you should sell the commodities manufactured in prison. What does that mean? If the persons incarcerated in prison had conducted themselves as the citizens of this country would desire, would they not be engaged in some useful service? Would they not be producing the full and maximum capacity of their ability to produce? And where is their competition? Where is their competition even with free labor? It isn't there, because if they were not in prison, certainly they would be doing some useful service, and whatever service they might be engaged in would be in competition with somebody else engaged in a similar service.

My trouble is a combined effort on the part of the employer, the manufacturer and the laborer. I was called upon by delegations from both, and they were dismissed from my office with

the same reply, that the greatest menace to wholesome government is selfishness. That is what it is. It is pure, unadulterated selfishness. Now we make brick in our penitentiary. The building material trust—I am not socialistic, it is easy to organize—is well organized. We manufacture brick down there. When I came into office we manufactured brick and threw it on the market at the current price. We did not sell in competition with the manufacturer of brick. We sold the brick at the standard price because we did not want to interfere with legitimate industry. A delegation of some thirty of them called on me, and I said, "What is your complaint?" They said, "Why, you are selling penitentiary brick in competition with our industry. You sold 700,000 brick in Oklahoma City, which is some 100 miles from the penitentiary." The penitentiary is located in McAlester. I said, "That is so, we did, but what did we sell the brick for? We sold the brick for \$14.10 a thousand. What was your price?" They said, "Well, we bid \$14.20." Then I said, "Do you consider that ten cents on a \$14.20 item is unfair competition?" They had to laugh because it was not unfair competition.

It has been my purpose, and it is my intention, to put out the commodities manufactured in the penitentiary at the market price; not to interfere with legitimate industry and not to come into competition with so-called free labor.

Binding twine is a commodity manufactured in several prisons, and some years ago we established a binding twine factory. We did not put out any binding twine. The president of the Formers Union of the State of Oklahoma called on me when I considered the matter of throwing binding twine upon the open market, and this is what he said to me. He said: "Now we cannot afford to have you do that for this reason: You can sell the binding twine to the Harvester interests for more money than we will pay you, and when you do that you permit that trust to get control of the binding twine in the country. Now we want to buy this binding twine from you and we want to use it, and we would be glad to sell it through our organization." We could get two cents a pound more from the trust than we could from this organization; yet if we had sold it to the so-called trust, then the price of binding twine would have gone

up to the farmers; so we really benefited the farmers in that way. We would be glad, of course to benefit any organization of that nature; but I have no disposition, and am unalterably opposed, to the manufacture of any commodities in penitentiaries in competition with legitimate industry, or in competition with so-called free labor.

I do not understand wherein the manufacturer is benefited by the manufacture of commodities in the penitentiary, such as are necessary in the operation of government, to be sold only to the States. Do we not sell in competition in the same manner when we preempt that market? I say we do. Why not permit the States to go on the open market and buy what they need, and let the penitentiaries sell on the open market?

There is but one practical way in my judgment to handle that question, and that is to go into it unrestrained. Manufacture those articles which can be manufactured profitably and placed upon the wide-open market—not necessarily in competition for the purpose of breaking down markets. I do not want to do that, and I am certain there is no other Governor who would care to do it; but you can sell at the current price, at the so-called combine price. It is a combination that is interfering with the operation of the prisons. It is a combination among governments on the one side and the labor organizations on the other, both of them having a purely selfish interest in the matter.

This is a big problem. It is not the greatest problem that we have to encounter for the reason that the taxpayers can probably afford to pay the entire expense of the prison and maintain the prisoners in idleness.

Now, then, again, on the question of manufacturing commodities exclusively for sale to the States: In our State, I think thirty days' service would manufacture in the penitentiary everything that the State would have to buy for the year, and the other eleven months of the year we would be in idleness. Our State is an average proposition in this respect, and New York State, with its great population and facilities, if the same ratio is to be maintained, could manufacture all the things that the State would have to buy in thirty days of its time. So, then, if the States were all combined, one State making one commodity and

another State another in the same ratio, our prisoners would be employed for thirty days in the year and idle for the other eleven months.

I am glad to have this question discussed. I want to hear the views of each and every one, because it is a current matter with me at this time. I have got to go through an election. I am not discouraged as to the result of the election, but am satisfied as to what it will be. If the taxpayers of my State and the voters do not sustain every act of the legislature seven to one, I will be greatly surprised, although there is a strong organization and there has been a great deal of money spent. I learned that they had accumulated \$30,000 to defeat a bill which only repealed the requirement of law that the prison label be placed on each and every article manufactured in the penitentiary. I do not know where that money came from, but we came up against the selfish interests in almost every move that we made, and it is a matter of vital importance.

I feel that this Conference of Governors is a splendid thing, and we ought to be frank and open in our discussions of these numerous questions that we are confronted with almost daily in our homes.

As to the matter of legislation: It has gotten to the point now where almost every industry, every lawful avocation, needs to be protected by law. If a man has a disposition to start an industry in the State, first he must go to the legislature and get an authorization to establish such an institution.

I am absolutely astonished to learn from Governor Trinkle that the Congress of the United States is now considering legislation to interfere with our rights in the maintenance of our prisons. We do not want that, and I hope that none of the States will send a man to the United States Congress who will support such a scheme as that.

GOVERNOR RITCHIE: Would this proposed Federal legislation interfere with this co-operative plan of selling products to other States?

GOVERNOR TRINKLE: I think that is excepted; but I want to say to Governor Trapp that, from the information I have been able to get, unless something happens, there is very grave danger that that bill will pass the next Congress.

GOVERNOR TRAPP: I think I am in a position to state that if we should have a Congressman from the State of Oklahoma who would vote for such a bill as that, he would never serve another term.

GOVERNOR MARTIN: Mr. Chairman and Gentlemen of the Conference: I have listened very attentively to the splendid address made by the Governor of Oklahoma upon this important question. I thoroughly concur with him in what he has said relative to the building of the prisons and the handling of those commodities made in the prisons. A problem that we all have to face is that of maintaining, not only our prisons, but our institutions for the insane, our reform schools and our schools for delinquents, at a tremendous cost to the taxpayers. That cost ever increases as the population of our States increase, and it is a tremendous burden upon the taxpayers.

One of the responsibilities resting upon one as Chief Executive of any commonwealth, to my mind, is to give an economical, sensible, sane, rational administration of public affairs; and as has so often been said in this Conference, one of the greatest difficulties that we have to contend with is selfishness. During the session of our last legislature in Florida, I succeeded in getting a bill through both houses giving to the Governor the sum of \$250,000 to establish in our State institutions the manufacturing of such things as would go towards reducing the upkeep of those institutions. That passed our House of eighty-two members with three dissenting votes, and our Senate of thirty-two members with two dissenting votes, and I am now about to put into the institutions of Florida something that will give employment to the people who are now a burden upon the taxpayers of the State. I believe that we have some 5,500 people in our State who have to be clothed, fed and medical attention provided, who are now practically idle with the exception of some that we work on our roads. This is an enormous expense, and one that does not justify us in permitting those who have violated the laws of society and of the Commonwealth to stay in idleness during the tenure of their incarceration. I believe that if we had shorter jail sentences or penitentiary sentences, and while the inmates ought to be treated kindly and fairly and considerately, and the conditions ought to be helpful in

every way, yet they ought to be employed, and have brought forcibly to their minds the fact that they are not in the penitentiaries for their health, and that, if they cannot obey the laws of the State because common justice, decency, and a love of good citizenship impels them to do so, and then the State has to step in and make them do it by authority of law, that they must necessarily be punished in some degree.

I am going to try to make such things in Florida that the people will have to buy from those institutions. In our insane asylum we have about 2,500 inmates. A great many of those people only suffer from slight hallucinations and are capable of doing some kind of work. I am told by those in charge of their treatment that those who work stand a better chance of becoming normal again than those who do not work; because if it is possible to get the hallucinations out of the mind of an individual, he then becomes normal, and, if you can get his mind directed in another course, he stands a better chance of becoming normal again. I think that it is possible to put up at this institution a canning plant where we can can the surplus vegetables and food products that they now produce, to be used in the winter time, thus saving the State the necessity of purchasing these commodities from dealers.

I am going to put in our reform school a printing plant. Possibly it will be necessary to employ at first considerable help to train those boys in the reform school, but it will teach them a trade which will give them something to do; and whatever they can do in printing what the State needs, will save the State that much money in purchasing, and otherwise. I think that we spent some \$165,000 last year for State printing at Tallahassee. If they only do \$50,000 of the State's printing, it will be a saving of that much.

I believe that we need more courage and more force in combating these selfish ideas of preventing those who are charges upon the State doing something in order that we may cut down the burdens of taxation. They must be employed all of the time; but, as they are, they are not employed any of the time, with few exceptions. Whatever they create that the State has to buy to maintain these institutions is a saving to the State,

and, I believe, in keeping with good government, economical government and efficient government.

I am glad to hear the Governor of Oklahoma express himself as he has. I believe that the people of my State would unquestionably endorse any effort toward reducing taxes, by making those who are a charge upon the State do something to keep down the enormous cost that the State is called upon to pay out for their upkeep.

I do not think it is possible for one State to manufacture something to sell to another State. I think we would get ourselves in more trouble. Maine might need something that Florida could make, but the distance would be too far. Florida might need something that Mississippi had, and Governor Whitfield might not be inclined to trade with us. But I believe that we can make those things that do not come in competition with what is made in our own States, and then emphasize to the people of the State the necessity of it, and these selfish interests will be blocked.

I am glad to listen to this discussion. I think it means a lot in the administration of government. I am particularly glad to hear the talk that the Governor of Oklahoma has made.

CHAIRMAN JACKSON: Gentlemen, I think we have pretty clearly covered this subject, and I hope from this discussion we may all go home feeling that we have learned something. I lack the time now to give you the experience Indiana has had in her penal institutions in the way of manufacturing; but in these conferences that are to be held in the future, if some workable plan can be produced, I am sure all the States will be willing to give it fair consideration.

What further announcements are there to make?

TREASURER TOWNSEND: Mr. Chairman, why not go into executive session and finish this evening without holding over until tomorrow?

Thereupon, on motion by Governor Trinkle, duly seconded, it was voted to go into executive session immediately.

EXECUTIVE SESSION.

CHAIRMAN TRINKLE: The first thing in order will be for the committee appointed to consider the matter of our finances—the Treasurer's report.

TREASURER TOWNSEND: Mr. Chairman, at the close of our session in Florida we had \$7,000.22 in the treasury. At that session, you remember, the amount assessed to the States was made \$100 instead of \$250; but Mississippi paid \$250, West Virginia paid \$150, Delaware paid \$250, and the other States, as I read them, paid \$100: Minnesota, Kansas, Wyoming, Pennsylvania, Illinois, Washington, Colorado, Iowa, Virginia, Michigan, Massachusetts, Arizona, Rhode Island, Vermont, Alabama, Florida, Maryland, Connecticut, Kentucky, North Dakota, Oklahoma, South Carolina, Alaska, Montana, Missouri, Nebraska, Utah, Ohio, Idaho, Indiana and Maine.

This was a larger number than ever before.

Through the efforts of our Secretary, Mr. Hardee, the expenditures have been kept down until we have more money in the treasury today than we had at the close of the Conference last year, even though the amount paid by the States has been reduced to \$100.

We have now in the treasury—expenditures for the year have been \$2,490.88, which is verified by the vouchers which the committee have been over—we now have in the treasury \$8,309.57. This has been examined by the auditing committee and signed by Governor Robinson, Governor Whitfield and Governor Jackson.

SECRETARY HARDEE: Mr. Chairman, may I ask Governor Townsend, whether the States mentioned as having paid a sum in excess of \$100, three of them, whether that was for last year?

GOVERNOR TOWNSEND: Delaware paid for this year; \$150 for last year and \$100 for this year. That is the way I put it on my books.

CHAIRMAN TRINKLE: You might wonder what we do with this money. As suggested, previous to this year the charges were \$250 annually. It has been reduced to \$100. We did that because we thought that, by a proper degree of economy, we could

pay our bills on that charge, and further because we wanted more of the States coming to the conferences than had previously come. Out of this sum we pay our Secretary \$1,500. Until this year we had been paying \$3,600 for the same service. We pay for printing our minutes which costs several hundred dollars.

Our efficient Treasurer, so far as I know, has never drawn a penny for his services. We pay the expenses of the Secretary to come to the convention and the incident charges.

We felt when the Executive Committee reduced the fee from \$250 to \$100 that we could meet our expenses, and it has worked out very well; and we hope that Governor Hardee will keep after the rest of the States that have not paid up.

SECRETARY HARDEE: Yes, I will.

THE CHAIRMAN: Gentlemen, under the rules, we have an Executive Committee that consists of five Governors. These five Governors select a chairman of the Executive Committee, and they also select a Secretary; and I presume now that motions would be in order for members of the Executive Committee. I just want to suggest that Governor Hartley resigned some time since; in fact never did act. That would leave a vacancy on the old committee, and my term of office expires next fall; so that, of course, makes another vacancy. That would leave three of the old members of the committee; but, as I understand, we elect as though it were an entirely new body. Governor Brewster, Governor Brandon and Governor Groesbeck would be the three old members, if you shall vote to continue them.

GOVERNOR RITCHIE: Do their terms all continue into next year?

THE CHAIRMAN: They all hold over. I think it is usually customary to continue them.

Thereupon, on motion by Ex-Governor Townsend, duly seconded, it was voted to continue the three above mentioned members of the committee, Governors Brewster, Brandon and Groesbeck.

GOVERNOR WHITFIELD: I place in nomination the name of Governor McMullen of Nebraska.

GOVERNOR HAMMILL: I nominate Governor Trapp of Oklahoma as the second member.

THE CHAIRMAN: Are there any further nominations? If not, the list will be closed; and the nominees, as I understand them now, are Governor Brewster, Governor McMullen, Governor Trapp, Governor Groesbeck and Governor Brandon. If there is no further discussion of that, all in favor of those gentlemen composing the Executive Committee for the next year will make it known by saying aye; contrary minded, no.

The motion prevailed, and the gentlemen named were unanimously chosen as members of the Executive Committee for the ensuing year.

THE CHAIRMAN: So far as I know, that is about all we have to attend to, isn't it, Governor Hardee?

SECRETARY HARDEE: It is, yes.

THE CHAIRMAN: Of course you gentlemen of the Executive Committee understand that it will be very wise for you to meet this afternoon and select your chairman.

GOVERNOR HAMMILL: Mr. Chairman, I don't know whether it is your custom or not, but it seems to me it would not be out of place at this time to express our appreciation to Governor Brewster, the Executive Committee, and the many people of Maine who have assisted Governor Brewster in the entertainment and courtesies that have been extended to us, of these splendid services and entertainment that we have received.

THE CHAIRMAN: I wish you would include the hotel people.

GOVERNOR HAMMILL: The Chamber of Commerce of Portland, the people of the hotel and the people generally of Maine, who have been so courteous, kind and considerate. The motion was seconded.

SECRETARY HARDEE: Mr. Chairman, last year that was handled, it seems to me quite admirably, by having a committee appointed to draft a resolution mentioning the different agencies that had been so kind.

THE CHAIRMAN: I think that would put it in a little more definite shape.

GOVERNOR HAMMILL: Then I would move that such a committee be appointed by the Chair.

THE CHAIRMAN: I will name you chairman, Governor Hammill, of that committee, and I will include on it Governor McMullen and Governor Ritchie. If you gentlemen will get at that

sometime before you leave, and hand it to the Secretary, it will be incorporated in the minutes.

SECRETARY HARDEE: Mr. Chairman, there is one thing I want to mention about the minutes. Governor Whitfield has just asked me if I had mailed out the other minutes. Another Governor asked me the same thing. I fear that your secretaries have not called your attention to them for I saw to it personally that the minutes were mailed to every Governor in the United States. I mailed them whether he was a member of the Conference or not.

Another word in regard to the minutes. The reporter tells me that he can let me have the minutes of this Conference in about two weeks; perhaps it will take a week to get them down to us, and then I must edit them, which takes considerable time. It takes about six weeks to get them printed. I cannot get any printer to agree to deliver them earlier than that; so the whole affair will perhaps take three months before you gentlemen can look for the minutes. I will get them to you, however, just as quickly as I can. I might state that heretofore we have gone sometimes eight or ten months without the minutes. I think that is too long a time, and I will get them to you as quickly as possible.

THE CHAIRMAN: Gentlemen, is there any further matter that you want to bring up? If so, this is the place and time to do it. If any of you gentlemen have any suggestions to make for the good of the Conference, I would be glad to hear them. If not, I suppose a motion to adjourn is in order.

Thereupon, on motion by Governor Trapp of Oklahoma, it was voted that the Conference stand adjourned.

MEETING OF EXECUTIVE COMMITTEE.

Immediately following the afternoon session the members of the Executive Committee met in call session. Present: Governor Ralph O. Brewster of Maine, Governor M. E. Trapp of Oklahoma, Governor Adam McMullen of Nebraska. A quorum present.

Governor Ralph O. Brewster was elected Chairman of the Executive Committee. Former Governor John G. Townsend, jr., of Selbyville, Delaware, was elected Treasurer. Former Governor Cary A. Hardee, Live Oak, Florida, was elected Secretary.

No further business; the Committee adjourned.

On motion the following Governors were appointed by the Conference as a committee to draft for adoption by the Conference suitable resolutions thanking the people of Maine for their courtesy and generosity while guests of the State:

John Hammill, Iowa,

Albert C. Ritchie, Maryland,

Adam McMullen, Nebraska.

At the conclusion of the itinerary which followed the Conference sessions at Poland Springs, the following resolution was unanimously adopted.

We the members of the Governors' Conference convened at Poland Springs, Maine, on Monday, June 29th, having been the recipients of the generosity and courtesy of the people of Maine for several days, hereby express our appreciation to the officials, the citizens and civic organizations of the State of Maine, who have extended us such whole-hearted welcome and generous hospitality. From the time we landed at Portland until the itinerary closed at Camden, we have been most royally received.

While most of us had some knowledge of the rich and varied resources of Maine, including its wonderful climate, yet since we have visited every section of the State and have seen at first hand its great resources, its rapid development and the fine type of its citizenship, we can without reservation say that the State of Maine far exceeds such reports we had before coming here.

We wish to extend our thanks to the officers and employees of all of the public service corporations that have afforded us

transportation. These schedules have often been changed for us, and special trains have been furnished for our comfort. We thank most cordially the hotels and the civic organizations which have contributed so liberally to our comfort and pleasure. We are grateful to the citizenship for that warmth of welcome so much in evidence wherever we went. While the State of Maine can truly boast of its natural resources and its fine summer climate, we feel that they have even greater reason to boast of the fine type of citizenship which greeted us on our visit.

While it is impossible for us to remember the name of every man and woman, or of every organization, which contributed to our pleasure on the trip, we do call to mind and desire to express our appreciation of the following men and women and organizations for their kindness to us, to-wit:

Colonel Edgar A. Fry, Fifth Infantry, Fort William, Portland, Maine.

William B. Jack, Supt. of Schools, Portland, Maine.

Hiram W. Wicker, Poland Spring House, So. Poland, Maine.

Dr. F. J. Hill, Waterville, Maine.

Clarence S. Powers, Presque Isle, Maine.

A. W. Spaulding, Caribou, Maine.

Nathan Perry, Presque Isle, Maine.

Ora Gilpatrick, Houlton, Maine.

Percy R. Todd, Pres. Bangor & Aroostook R. R., Bangor, Maine.

Mr. R. H. MacCready, B. & A. R. R., Box 938, Bangor, Maine.

Mr. Maurace McDonald, Pres. Maine Central R. R. Co., Portland, Maine.

Mr. D. C. Douglass, Gen. Mgr., M. C. R. R., Portland, Maine.

Pittsfield Entertainment Committee, Pittsfield, Maine.

Newport Entertainment Committee, Newport, Maine.

Hon. Belmont Smith, Broadway, Bangor, Maine.

Hon. Guy Torrey, Bar Harbor, Maine.

Col. E. A. Robbins, Camden, Maine.

Mr. Edward W. Bok, Camden, Maine.

Mrs. Blaine S. Viles, Ladies' Committee, Augusta, Maine.

Mr. Freeman Grant, Portland, Maine.

Lt. Comdr. Porter H. Adams, 1796 Beacon St., Boston, Mass.

Chief Fred E. Sanborn, State Highway Police, Augusta, Maine.

Special mention on the following patrolmen:

Stanley McGowan, 19 Dean Street, Portland, Maine.

Sydney M. Frost, Western Ave., Waterville, Maine.

Joel LeBell, Presque Isle, Maine, Box 84.

Harry L. Thompson, Bath, Maine.

Finally, we wish to express our appreciation of Governor Ralph O. Brewster, who has been our gracious host. He has given us his entire time, devoted his energy and enthusiasm to the one thing of making pleasant the visit of his colleagues. We shall carry away with us grateful memories of Governor Brewster, the man and the gentleman, the Governor and executive, whose personality made our visit possible, and caused it to be one very much enjoyed. To his good wife we are likewise much indebted.

Signed:

JOHN HAMMILL,

Governor of Iowa.

ALBERT C. RITCHIE,

Governor of Maryland.

ADAM McMULLEN,

Governor of Nebraska.

OFFICE OF TREASURER,
Selbyville, Delaware, June 25, 1925.

JOHN G. TOWNSEND, JR., TREASURER GOVERNORS' CONFERENCE, IN ACCOUNT WITH THE GOVERNORS' CONFERENCE.

RECEIPTS.

1924

Nov. 12.	Balance in the hands of the Treasurer as per report of Nov. 12, 1924, to the Governors' Conference at Jacksonville, Florida	\$7,000.22
	Since received from Hon. Cary A. Hardee, Sec'y, the following assessments from States:	

Nov. 24.	Mississippi	250.00
	West Virginia	150.00

1925

Mar. 7.	Delaware	250.00
May 7.	Minnesota	100.00
May 23.	Kansas	100.00
	Wyoming	100.00
	Pennsylvania	100.00
	West Virginia	100.00
	Illinois	100.00
	Washington	100.00
	Colorado	100.00
	Iowa	100.00
	Virginia	100.00
	Michigan	100.00
	Massachusetts	100.00
	Arizona	100.00
	Rhode Island	100.00
	Vermont	100.00
	Mississippi	100.00
	Alabama	100.00
	Florida	100.00
	Maryland	100.00
	Connecticut	100.00
	Kentucky	100.00
	North Dakota	100.00
	Oklahoma	100.00
	South Carolina	100.00
June 10.	Alaska	100.00
	Montana	100.00
	Missouri	100.00
	Nebraska	100.00
	New Hampshire	100.00

June 24.	Utah	100.00
	Total Receipts	\$10,650.22
	Total Expenditures	2,498.88
June 25.	Bank Balance, Maine Conference	\$ 8,151.34
	Interest to date	158.23
	Total Bank Balance	\$ 8,309.57

DISBURSEMENTS.

1924

Nov. 26.	Check to Dowling & Pattison, for bill approved by Executive Committee, reporting Conference at Jacksonville, Fla. Voucher No. 1	\$ 117.35
Dec. 12.	Check to Miles C. Riley, for bill approved by Executive Committee, telegrams. Voucher No. 2.....	11.06
Nov. 28.	Check to Miles C. Riley, for bill approved by Executive Committee, expense account, office salary, etc. Voucher No. 3	533.48

1925

Jan. 13.	Check to C. A. Hardee, Sec'y, for bill approved by Executive Committee, stationery, crating and shipping Conference property. Voucher No. 4	88.96
Jan. 21.	Check to C. A. Hardee, Sec'y, for bill approved by Executive Committee, freight and drayage on Conference property. Voucher No. 5	114.95
Jan. 29.	Check to Miles C. Riley, for bill approved by Executive Committee, rental and office expenses in connection with Conference. Voucher No. 6	107.45
Feb. 20.	Check to T. J. Appleyard, for bill approved by Executive Committee, 300 copies of Conference minutes. Voucher No. 7	612.32
Mar. 31.	Check to C. A. Hardee, Sec'y, for bill approved by Executive Committee, salary and office expenses. Voucher No. 8	696.25
May 28.	Check to Hon Ralph O. Brewster, for bill approved by Executive Committee, expenses meeting of Executive Council, Washington. Voucher No. 9....	89.90
June 5.	Check to Hon. C. A. Hardee, Sec'y, for bill approved by Executive Committee, expenses of Secretary to Washington at call of Executive Committee. Voucher No. 10	110.06

June 5.	Check to Hon. E. Lee Trinkle, for bill approved by Executive Committee, expenses trip to Washington, Conference business. Voucher No. 11.....	17.10
	Total Disbursements	\$ 2,498.88
	Total receipts to date	\$10,650.22
	Total disbursements	2,498.88
June 25.	Balance in hands of Treasurer	\$ 8,151.34
	Interest to date	158.23
	Total bank balance	\$ 8,309.57

Respectfully submitted,
JOHN G. TOWNSEND, Treasurer.

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